

# Report & Financial Statements

For the year ended 31 December 2010

**Grenville Underwriting I  
Limited**

Company Registration No: 03257721

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## **GRENVILLE UNDERWRITING I LIMITED**

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**GRENVILLE UNDERWRITING I LIMITED**

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**COMPANY INFORMATION**

**DIRECTORS**

G P Nash  
C J Hodgson

**COMPANY SECRETARY**

C J Hodgson

**REGISTERED ADDRESS**

Pingle House  
Priors Hardwick  
Southam, Warwickshire  
CV47 7SL

**AUDITORS**

Mazars LLP  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD

**BANKERS**

National Westminster Bank PLC  
1 Princes Street  
London EC2R 8PB

**SOLICITORS**

Denton Wilde Sapte  
1 Fleet Place  
London EC4M 7WS

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**DIRECTORS' REPORT**

The directors submit their report together with the audited financial statements of the company for the year ended 31 December 2010. The Company's registration number is 03257721.

**PRINCIPAL ACTIVITY AND STATUS**

The company was formed to take advantage of rules whereby investors can participate in underwriting at Lloyd's on a limited liability basis. It was elected as a Corporate Member at Lloyd's on 4 October 1996.

The principal activity of the company is that of a corporate member of Lloyd's. Its first underwriting year was the 1997 account. The 2002 year of account was the company's last underwriting year.

The company has negative shareholders' funds and cannot be considered a going concern. The directors have therefore prepared the accounts on a realisation basis.

**RESULTS AND DIVIDENDS**

The profit for the period amounts to £11,000 (2009: loss £38,000). The directors do not recommend the payment of a dividend. The retained profit has been taken to reserves.

**FUTURE DEVELOPMENTS**

The company has not passed the Lloyd's Solvency Test at 31 December 2010. The remaining open years of account closed at 31<sup>st</sup> December 2010 and the company will have no further underwriting activities.

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company is principally exposed to financial risk through its participation on Lloyd's Syndicates. It has delegated sole management and control of its underwriting through each Syndicate to the managing agent of that Syndicate and it looks to the managing agents to implement appropriate policies, procedures and internal controls to manage each Syndicate's exposures to insurance risk, credit risk, market risk, liquidity risk and operational risk. The company is also directly exposed to these risks, but they are not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

As noted above, all remaining open years of account for syndicates on which the company participated closed at 31 December 2010 and the directors therefore consider that the company is no longer exposed to these risks.

Hedge accounting is not used by the company.

**DIRECTORS**

The directors who served during the year were as follows:

G P Nash  
C J Hodgson

**DIRECTORS' REPORT (continued)****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

Under the Companies Act 2006 section 418, each of the persons who is a director of the company at the date of this report confirms that

- so far as each of the directors is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31<sup>st</sup> December 2010 of which the auditors are unaware, and
- the director has taken all the steps that he ought to have taken in his duty as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**AUDITORS**

On 20 March 2000, the company passed an elective resolution in accordance with section 379A(1)(b)(c) and (e) of the Companies Act 1985, dispensing with the need to lay financial statements and reports before a general meeting and reappoint auditors annually. Mazars LLP will continue to act as independent auditors.

By order of the board



Graham Nash  
Director

2 Cth

September 2011

## **Independent auditor's report to the members of Grenville Underwriting I Limited**

We have audited the financial statements of Grenville Underwriting I Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of the profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

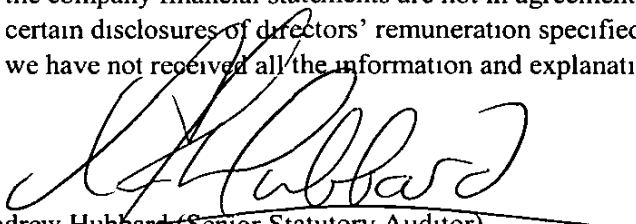
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Andrew Hubbard (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD

26 September 2011

**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2010**

	Notes	2010 £'000	2009 £'000
<b>Technical account</b>			
Gross premiums written	4	-	2
Outward reinsurance premiums	4	-	2
		<hr/>	<hr/>
		-	4
Change in provision for unearned premium			
- gross amount		-	-
- reinsurers' share		-	-
		<hr/>	<hr/>
<b>Earned premiums, net of reinsurance</b>		-	4
<b>Allocated investment return transferred from the non technical account</b>		-	2
Claims paid			
- gross amount	4	(4)	(79)
- reinsurers' share	4	1	30
		<hr/>	<hr/>
		(3)	(49)
Change in the provision for claims			
- gross amount	4	3	89
- reinsurers' share	4	(1)	(46)
		<hr/>	<hr/>
		2	43
<b>Claims incurred net of reinsurance</b>		<hr/>	<hr/>
		(1)	(6)
Syndicate operating expenses	4/5	1	(2)
Personal expenses	4	-	(1)
Interest payable	4	-	-
		<hr/>	<hr/>
<b>Net operating expenses</b>		1	(3)
<b>Balance on the technical account for general business</b>		<hr/>	<hr/>
		-	(3)

The notes on pages 9 to 18 form part of these financial statements

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2010**  
**(continued)**

	Notes	2010 £'000	2009 £'000
<b>Non technical account</b>			
<b>Balance on the general business technical account</b>		-	(3)
Investment income	6	1	4
Realised gains on investments		-	1
Realised losses on investments	7	(1)	(2)
Unrealised gains on investments		-	-
Investment expenses and charges		-	-
Unrealised losses on investments		-	(1)
Allocated investment return transferred to the general business technical account		-	(2)
Release on closing of run-off years		16	-
Exchange gain		(13)	7
Administrative expenses		-	1
Other charges		(5)	(58)
Provision for run off costs	16	13	13
<b>Profit/(loss) on ordinary activities before tax</b>	8	11	(40)
Tax charge/(credit) on ordinary activities	11	-	2
<b>Retained profit/(loss) for the period</b>	15	11	(38)

All turnover and results are derived from discontinued operations. The company had no recognised gains or losses in the year ended 31 December 2010 other than through the Profit and Loss Account.

The notes on pages 9 to 18 form part of these financial statements.



**BALANCE SHEET as at 31 December 2010**

	Notes	Corporate Undertaking £'000	2010 Syndicate Participations £'000	Total £'000	Corporate Undertaking £'000	2009 Syndicate Participations £'000	Total £'000
<b>Assets</b>							
<b>Investments</b>							
Financial investments	12	-	-	-	-	152	152
<b>Reinsurers' share of technical provisions</b>							
Claims outstanding		-	-	-	-	29	29
<b>Debtors</b>							
Debtors arising out of direct insurance operations							
- due from intermediaries		-	-	-	-	5	5
Debtors arising from reinsurance operations		-	-	-	-	15	15
Amount due from parent undertaking		-	-	-	-	40	40
Other debtors		-	-	-	-	-	-
Corporate-syndicate control account		-	-	-	48	(48)	-
		-	-	-	48	12	60
<b>Debtors due after more than 1 year</b>		-	-	-	-	-	-
<b>Other assets</b>							
Cash at bank and in hand		-	-	-	-	42	42
Other		-	-	-	-	9	9
		-	-	-	-	51	51
<b>Prepayments and accrued income</b>							
Accrued interest and rent		-	-	-	-	-	-
<b>Total assets</b>		-	-	-	48	244	292

The notes on pages 9 to 19 form part of these financial statements

**BALANCE SHEET as at 31 December 2010**

	Notes	2010 Corporate Undertaking £'000	2010 Syndicate Participations £'000	Total £'000	2009 Corporate Undertaking £'000	2009 Syndicate Participations £'000	Total £'000
<b>Liabilities</b>							
<b>Capital and reserves</b>							
Called up share capital	14	65	-	65	65	-	65
Profit and loss account		(4,612)	-	(4,612)	(4,623)	-	(4,623)
<b>Shareholders' funds attributable to equity shares</b>	15	(4,547)	-	(4,547)	(4,558)	-	(4,558)
<b>Technical provisions</b>							
Claims outstanding		-	-	-	-	204	204
<b>Provision for other risks and charges</b>	16	13	-	13	26	-	26
<b>Deposits received from reinsurers</b>		-	-	-	-	-	-
<b>Creditors</b>							
Creditors arising out of direct insurance operations		-	-	-	-	6	6
Creditors arising out of reinsurance operations		-	-	-	-	-	-
Other creditors including taxation	13	4,526	-	4,526	4,567	31	4,598
<b>Accruals and deferred income</b>		4,526	-	4,526	4,567	37	4,604
<b>Total liabilities</b>		8	-	8	13	3	16
		-	-	-	48	244	292

The financial statements were approved by the board of directors on

26th September 2011



Graham Nash  
Director

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2010****1. BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments, and in accordance with applicable Accounting Standards in the United Kingdom. They are prepared in accordance with provisions of Section 255 of, and Schedule 9A to, the Companies Act 2006. The company has followed, as applicable, the guidance in the Statement of Recommended Practice "Accounting for insurance business" issued by the Association of British Insurers in December 2005 (as amended in December 2006).

**2. PREPARATION OF CASHFLOW STATEMENT**

The company has taken the exemption available in Financial Reporting Standard 1 not to prepare a cashflow statement due to the company being a small company per the Companies Act 2006.

**3. ACCOUNTING POLICIES****(a) Going concern**

As at 31 December 2010 the company had negative shareholders' funds of £4,547,000 (2009 £4,558,000). The directors do not consider the company to be a going concern and have prepared the financial statements on a realisation basis.

**(b) Investments, investment income, expenses and charges**

Listed investments are stated at mid-market value. Deposits with credit institutions are stated at cost.

Investment income comprises interest receivable and dividends received plus realised and unrealised gains on the disposal of investments. Realised gains and losses arise from the difference between proceeds and valuation at the previous year end, or cost if there has been no previous revaluations.

Unrealised investment gains and losses are calculated as the difference between the valuation at the balance sheet date and the valuation at the last balance sheet date or purchase price, if acquired during the year.

Investment income is initially recorded in the non-technical account. All investment income arising on syndicate participations is allocated to the technical account.

Interest payable and expenses incurred in the management of investments are accounted for on an accruals basis.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2010 (continued)****3. ACCOUNTING POLICIES (continued)****(c) Taxation and deferred tax**

Taxation is based on the taxable result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax at the rates of tax expected to apply when the timing differences reverse. The deferred tax is not discounted.

**(d) Foreign currency transactions**

Transactions in United States dollars, Canadian dollars and Euros are translated at the rates of exchange ruling at the date the transaction is processed or at an appropriate average rate. Unless otherwise stated, transactions in currencies other than United States dollars, Canadian dollars and Euros are translated at the rate of exchange ruling at the date the transaction is processed.

Monetary assets and liabilities are retranslated into sterling at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities at the balance sheet date are maintained at the rate of exchange ruling at the date the transaction is processed.

Exchange differences arising on translation are dealt with in the profit and loss account.

**(e) Lloyd's underwriting activities***Basis of preparation*

The accounting information in respect of underwriting income and assets and liabilities from syndicate participations has been provided by the managing agents through an information exchange facility operated by Lloyd's, and has been audited by the syndicate auditors.

The information supplied by the syndicates which has been used in these financial statements is based on syndicate data as at 31 December 2010 for the year ended on that date.

*Assets and liabilities*

The assets and liabilities entitled "syndicate participation" represent an aggregation of the proportion of assets and liabilities of each syndicate in which the company participates. These assets are held subject to the individual syndicate trust funds and the company cannot obtain or use them until such time as each syndicate underwriting year is closed and profits are distributed, or an advance profit release is made.

*Basis of accounting for underwriting results*

In June 2003, the EU Insurance Accounts Directive ("the Directive") was amended so that syndicates were no longer required to prepare accounts on the three year funded basis. Instead, the Directive now provides a framework that allows Lloyd's to use annual accounting for all aspects for reporting and the amendments to the Directive have been implemented in the UK by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004.

The transition by Lloyd's to the annual basis of accounting for Returns and for its central Schedule 9A facility means that the annual accounting information is available to allow the financial statements of the company to be prepared on this basis.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2010(continued)**

**3. ACCOUNTING POLICIES (continued)**

**(e) Lloyd's underwriting activities (continued)**

*Premiums*

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax.

Gross premiums written may include "reinsurance to close" premiums receivable (see below).

Premiums written may also include the reinsurance of other syndicates on which the company participates. No adjustments have been made to gross premiums written (or outward reinsurance premiums or gross and reinsurers' claims) to remove this intersyndicate reinsurance.

Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

*Reinsurance*

Except for gearing reinsurance, outwards reinsurance and any related reinsurance recoveries are accounted for in the same period as the premiums for the related inwards business being insured.

Outward reinsurance premiums may include "reinsurance to close" premiums payable (see below).

*Claims incurred*

Claims incurred include the cost of claims handling expenses. Recoverable amounts arising out of subrogation or salvage are deducted from the costs of claims. Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessment of claims from previous years differ from the provision at the beginning of the year.

*Provision for claims outstanding*

Claims outstanding comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR). Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision is based on the information provided by managing agents. When appropriate, statistical methods have been applied to past experience of claims frequency and severity. The two most critical assumptions as regard claims provisions are that the past is a reasonable predictor of the likely level of claims development, and that the rating and other models used for more current business are fair reflections of the likely level of ultimate claims to be incurred.

The directors consider the provision for gross claims and related reinsurance recoveries to be fairly stated. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2010(continued)**

**3. ACCOUNTING POLICIES (continued)**

**(e) Lloyd's underwriting activities (continued)**

*Reinsurance to close*

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's syndicates. Under it, underwriting members (the reinsured members) who are members of a syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another syndicate for a later year of account (the reinsuring members) that the reinsuring members will discharge or procure the discharge of, or indemnify the reinsured members against, all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that syndicate and allocated to the closed year in consideration of

(a) a premium, and

(b) either

- (i) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurances and other monies receivable in connection with that insurance business), or
- (ii) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefit so far as they are not applied in discharge of the liabilities of the reinsured members

Where the reinsurance to close is between members on successive years of account of the same syndicate, the managing agent has a duty to ensure both sets of members are treated equitably

To the extent that the company participates on successive years of account of the same syndicate and there is a reinsurance to close between those years, the company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid

If the company has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the company has assumed a greater proportion of the business of the syndicate. If the company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the company's exposure to risks previously written by the syndicate

The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims

However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a syndicate year of account and it is treated for accounts purposes as settling all the company's outstanding gross liabilities in respect of the business so reinsured

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2010 (continued)**

**4. SEGMENTAL ANALYSIS**

	Gross premiums written		Gross premium earned		Gross claims incurred		Gross operating expenses		Reinsurance balance	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Direct business</b>										
Accident and health	-	1	-	1	(1)	3	-	-	-	(1)
Motor – third party liability	-	-	-	-	-	-	-	-	-	-
Motor – other classes	-	-	-	-	-	-	-	-	-	-
Marine, aviation and transport	-	-	-	-	-	-	-	-	-	-
Fire and other damage to property	-	-	-	-	-	-	-	-	1	(1)
Third party liability	-	-	-	-	-	-	-	-	(1)	(4)
Credit and suretyship	-	-	-	-	-	5	-	-	-	-
Legal expenses	-	-	-	-	-	(1)	-	1	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total direct</b>	-	1	-	1	(1)	7	-	1	-	(6)
<b>Reinsurance business</b>										
	-	1	-	1	-	3	-	(3)	(1)	(8)
<b>Total</b>	-	2	-	2	(1)	10	1	(2)	0	(14)

All insurance business is underwritten in the UK in the Lloyds' insurance market, which has been treated as one geographical segment for the purpose of SSAP25 Segmental Reporting

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2010 (continued)**

**5. SYNDICATE OPERATING EXPENSES**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Acquisition costs	-	(1)
Syndicate expenses	-	(1)
Exchange adjustment	1	-
	<u>1</u>	<u>(2)</u>

**6. INVESTMENT INCOME**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Income from investments	1	4
Realised gains on investments	-	-
	<u>1</u>	<u>4</u>

**7. INVESTMENT EXPENSES AND CHARGES**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Investment management expenses	-	-
Realised losses on investments	(1)	(2)
	<u>(1)</u>	<u>(2)</u>

**8. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
The profit on ordinary activities before tax is stated after charging		
Auditor's remuneration		
- Audit fees	5	9
- Non audit services – tax	2	2
	<u>7</u>	<u>11</u>

**9. STAFF COSTS**

There were no staff employed by the company other than the directors during the period (2009 Nil)  
The average number of directors for the period was 2 (2009 2)



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2010 (continued)**

**10. DIRECTORS' REMUNERATION**

There was no directors' remuneration during the period (2009 £nil)

**11. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
<b>(a) Analysis of credit in period</b>		
Current tax		
UK corporation tax on profit of the period	-	-
Group relief surrendered	-	-
Adjustment in respect of previous periods	-	2
	<u>          </u>	<u>          </u>
Current tax credit for period (see (b) below)	<u>          </u>	<u>          2</u>
 Deferred tax		
Origination and reversal of timing differences	-	-
	<u>          </u>	<u>          </u>
Total deferred tax	<u>          </u>	<u>          </u>
 Tax credit on profit on ordinary activities	<u>          </u>	<u>          2</u>
 <b>(b) Factors affecting tax credit for period</b>		
Profit/(loss) on ordinary activities	11	(40)
	<u>          </u>	<u>          </u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	3	(11)
<i>Effects of</i>		
Expenses not deductible for tax purposes	(1)	23
Creation/(utilisation) of tax losses	(2)	(13)
Other timing differences	-	1
Prior year over provision	-	2
	<u>          </u>	<u>          </u>
Current tax credit for period (see (a) above)	<u>          </u>	<u>          2</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2010 (continued)**

**11. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)**

<b>(c) Deferred tax asset not provided for</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Tax losses	(589)	(626)
Total potential deferred tax not provided for	<u>(589)</u>	<u>(626)</u>

**12. FINANCIAL INVESTMENTS**

	<b>2010 Valuation £'000</b>	<b>2010 Cost £'000</b>	<b>2009 Valuation £'000</b>	<b>2009 Cost £'000</b>
<b>Syndicate investments</b>				
Shares and other variable yield securities	-	-	20	20
Debt securities and other fixed income securities	-	-	83	83
Deposits with credit institutions	-	-	49	49
	<u>-</u>	<u>-</u>	<u>152</u>	<u>152</u>

**13. OTHER CREDITORS**

	<b>2010 Corporate Undertaking £'000</b>	<b>2009 Corporate Undertaking £'000</b>
Other creditors	4,526	4,567
	<u>4,526</u>	<u>4,567</u>

Also included in other creditors are amounts owed to the Lloyd's New Central Fund of £740,524 (2009 £790,949)

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2010 (continued)**

**14. CALLED UP SHARE CAPITAL**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Authorised		
50,000,000 ordinary shares of 50p each	25,000	25,000
Issued and fully paid up		
130,002 ordinary shares of 50p each	65	65

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Profit/(loss) for the financial year	11	(38)
Increase/(decrease) in shareholder's funds	11	(38)
Opening shareholder's funds	(4,558)	(4,520)
Closing shareholder's funds	(4,547)	(4,558)

**16. PROVISION FOR OTHER RISKS AND CHARGES**

The company has ceased underwriting at Lloyd's and 2002 was the company's last year of account. The accounts include a provision of £13,000 (2009 £26,000) for the estimated future costs of the company's administration. The provision is reviewed each year and any adjustment is made through the profit and loss account.

	<b>Run off costs</b>	
	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January	(26)	(39)
Profit and loss account release for the year	13	13
At 31 December	(13)	(26)

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2010 (continued)****17. PARENT UNDERTAKING**

On 10 March 2003, 100% of the issued share capital of the company (together with that of its fellow subsidiaries, Grenville Underwriting II Limited, Grenville Underwriting III Limited and Grenville Underwriting IV Limited) was sold to Dimpton Limited, a company which has no connection with Greenwich Insurance Holdings PLC, the ultimate parent undertaking at that date, or any of its remaining subsidiaries

The financial statements of Dimpton Limited are available from Companies House

**18. RELATED PARTY TRANSACTIONS**

Under the provisions of Financial Reporting Standard 8, the company is exempt from disclosing transactions with group related parties it is wholly owned

Since 10 March 2003 Greenwich Insurance Holdings PLC has provided management and administration services to the company under an agreement with Dimpton Limited. The fee for this service was £5,000 per annum, which has been borne by Dimpton Limited

**19. GEARING REINSURANCE**

On 31 December 1998, Greenwich Insurance Holdings PLC gave European International Reinsurance Company Limited ("EIR"), a floating charge over all the assets of the company to secure the various amounts payable to EIR under the gearing reinsurance agreement which enabled the company and fellow underwriting subsidiaries at the time to underwrite at Lloyd's on a 4 to 1 gearing ratio

At 31 December 2010 £1,182,000 (2009 £1,182,000) was owed to EIR, which the company is not able to pay. EIR has agreed, however, not to enforce its security provided Dimpton Limited pays Greenwich Insurance Holdings PLC all the sums due to it under the terms of the sale and purchase agreement for the company

An agreement was reached during the year, which resulted in a payment of £100,000 being made by Greenwich Insurance Holdings Plc to EIR on 26<sup>th</sup> November 2010 and the floating charge being released on that date