

Report & Financial Statements

For the year ended 31 December 2011

Grenville Underwriting I Limited

Company Registration No: 3257721

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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

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements of the Grenville Underwriting I Limited (the "company") for the year ended 31 December 2011

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 £ 7,000 (2010: £11,000). The directors do not recommend the payment of a dividend. The retained loss has been taken to reserves.

FUTURE DEVELOPMENTS

The company has not passed the Lloyd's Solvency Test at 31 December 2011. The remaining open years of account closed at 31st 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 financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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

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 December 2011 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


Director **G P NASH**

26 September 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

GRENVILLE UNDERWRITING I LIMITED

We have audited the financial statements of Grenville Underwriting I Limited for the year ended 31 December 2011 which comprise 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 [x], 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 them 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.

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 2011 and of its 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 the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

GRENVILLE UNDERWRITING I LIMITED (continued)

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Markham Grice (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 2012

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Technical account			
Gross premiums written	4	-	-
Outward reinsurance premiums	4	-	-
		<u> </u>	<u> </u>
		-	-
Change in provision for unearned premium			
- gross amount		-	-
- reinsurers' share		-	-
		<u> </u>	<u> </u>
Earned premiums, net of reinsurance		-	-
Allocated investment return transferred from the non technical account		-	-
Claims paid			
- gross amount	4	-	(4)
- reinsurers' share	4	-	1
		<u> </u>	<u> </u>
		-	(3)
		<u> </u>	<u> </u>
Change in the provision for claims			
- gross amount	4	-	3
- reinsurers' share	4	-	(1)
		<u> </u>	<u> </u>
		-	2
		<u> </u>	<u> </u>
Claims incurred net of reinsurance		-	(7)
		<u> </u>	<u> </u>
Syndicate operating expenses	4/5	-	1
Personal expenses	4	-	-
Interest payable	4	-	-
		<u> </u>	<u> </u>
Net operating expenses		-	1
		<u> </u>	<u> </u>
Balance on the technical account for general business		-	-
		<u> </u>	<u> </u>

The notes on pages 10 to 15 form part of these financial statements

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2011
(continued)

	Notes	2011	2010
		£'000	£'000
Non technical account			
Balance on the general business technical account		-	-
Investment income		-	1
Realised gains on investments		-	-
Realised losses on investments			(1)
Unrealised gains on investments		-	-
Investment expenses and charges		-	-
Unrealised losses on investments		-	-
Allocated investment return transferred to the general business technical account			
Release on closing of run off years			16
Exchange gain/(loss)		(4)	(13)
Administrative expenses			-
Other charges		(2)	(5)
Provision for run off costs	11	13	13
Profit/ (loss) on ordinary activities before tax	4	7	11
Tax charge on ordinary activities	11	-	-
Retained profit/(loss) for the period	10	7	11

All activities are discontinued

The notes on pages 10 to 15 form part of these financial statements

BALANCE SHEET as at 31 December 2011

	Notes	2011	2010
Total Assets		<u> </u>	<u> </u>
		-	-
		<u> </u>	<u> </u>
Liabilities			
Capital and reserves			
Called up share capital	9	65	65
Profit and loss account	10	(4,605)	(4,612)
Shareholders' funds attributable to equity shares		<u>(4,540)</u>	<u>(4,547)</u>
Provisions for other risks and charges		-	13
Creditors			
Other creditors including taxation	8	4,562	4,526
Profit/ (loss) on ordinary activities before tax		4,562	4,526
Accruals and deferred income		(22)	8
Total liabilities		<u> </u>	<u> </u>
		-	-
		<u> </u>	<u> </u>

The financial statements were approved by the board of directors, and signed on behalf of the board on 26 September 2012



Director **G P NASH**

The notes on pages 10 to 15 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011**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 1985. 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), except for the treatment of exchange adjustments. Part of the company's exchange gains and losses arise directly from its underwriting activities and, in the opinion of the directors, including these items in the technical account, (rather than the non technical account as recommended by the SORP) gives a better understanding of the company's activities.

2. PREPARATION OF CASHFLOW STATEMENT

The company has taken exemption available in Financial Reporting Standard 1 not to prepare a cashflow statement as the company is a subsidiary undertaking where 90 per cent or more of the voting rights are controlled within the group, and consolidated financial statements including the subsidiary undertaking is included and is publicly available.

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

As at 31 December 2011 the company had negative shareholders' funds of £ 4,540,000 (2010 £4,547,000). The directors do not consider the company to be a going concern and have prepared the financial statements on a realisation basis.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011 (continued)**4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX**

	2011	2010
	£'000	£'000
The profit on ordinary activities before tax is stated after charging		
Auditor's remuneration		
- Audit fees	2	5
- Non audit services - tax	-	2
	<u>2</u>	<u>7</u>

5. STAFF COSTS

There were no staff employed by the company other than the directors during the period (2010 £nil)
The average number of directors for the period was 2 (2010 2)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011 (continued)

6. DIRECTORS' REMUNERATION

There was no directors' remuneration during the period (2010 £nil)

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011	2010
	£'000	£'000
(a) Analysis of credit in period		
Current tax		
UK corporation tax on profit of the period	-	-
Group relief surrendered	-	-
Adjustment in respect of previous periods	-	-
	<u> </u>	<u> </u>
Current tax credit for period (see (b) below)	<u> </u>	<u> </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> </u>
	<u> </u>	<u> </u>
(b) Factors affecting tax credit for period		
Profit/(loss) on ordinary activities	7	11
	<u> </u>	<u> </u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 28%)	2	3
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	(1)
Creation/(utilisation) of tax losses	(2)	(2)
Other timing differences	-	-
Prior year over provision	-	-
	<u> </u>	<u> </u>
Current tax credit for period (see (a) above)	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011 (continued)**7. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)**

(c) Deferred tax asset not provided for	2011	2010
	£'000	£'000
Tax losses	(562)	(589)
Total potential deferred tax not provided for	<u>(562)</u>	<u>(589)</u>

8. OTHER CREDITORS

	2011	2010
	£'000	£'000
Other creditors	4,562	4,526
	<u>4,562</u>	<u>4,526</u>

Also included in other creditors are amounts owed to the Lloyd's New Central Fund of £744,122 (2010 £750,524)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011 (continued)

9. CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
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

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £'000	2010 £'000
Profit for the financial year	7	11
Increase in shareholder's funds	7	11
Opening shareholder's funds	(4,547)	(4,558)
Closing shareholder's funds	(4,540)	(4,547)

11. 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 £nil (2010 £13,000) 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.

	2011 £'000	Run off costs 2010 £'000
At 1 January	(13)	(26)
Profit and loss account charge for the year	13	13
At 31 December	-	(13)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011 (continued)

12. 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

13. RELATED PARTY TRANSACTIONS

Under the provisions of Financial Reporting Standard 8, the company is exempt from disclosing transactions with group related parties as 90 per cent or more of the voting rights are controlled within the group and consolidated financial statements incorporating the company are publicly available. At the balance sheet date amounts were owed to the following companies, which are related by virtue of common directors

Greenwich Insurance Holdings PLC
Greenwich Lloyd's Underwriting Ltd
Grenville Holdings Ltd

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.

14. 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 2011 £1,182,000 (2010 £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.