Reports & Financial Statements

For the year ended 31 December 2007

Greenwich Insurance Holdings PLC

Company Registration No: 3400222

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

Directors:	Christopher James Hodgson Graham Paul Nash Andrew Thomas West *Non Executive*
Secretary and Registered Office:	Graham Paul Nash ACA Pingle House Priors Hardwick Southam Warwickshire CV47 7SL
Registered Number:	3400222
Auditors:	Mazars LLP Chartered Accountants and Registered Auditors Tower Bridge House St Katharine's Way London E1W 1DD
Bankers:	National Westminster Bank Plc City of London Office 1 Princes Street London EC2R 8PA
Solicitors:	Denton Wilde Sapte 1 Fleet Place London EC4M 7WS

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the year ended 31 December 2007

Principal activities and review of the business

The Company acts or acted as a holding company for companies which are corporate members of Lloyd's, a Lloyd's Managing Agency and a Lloyd's Members' Agency

On 10 March 2003 the Group sold its Grenville Underwriting subsidiaries to Dimpton Limited

The Group's remaining underwriting subsidiary, Service Corporate Capital Limited, closed its last year of account at 31 December 2003

Until 24 November 2003 the Group managed Syndicates 994 and 1923 and the run-off of Syndicates 923, 2923, 947, 2947 and 1222 It managed capacity of £53m for the 2003 year of account On 24 November 2003 the Group transferred its holdings in its managing agent to GMA Imagine Limited, pursuant to an agreement with Imagine Insurance Company

The Group continued to run off its remaining members' agency business in 2007 Most Names were transferred to Lloyd's Members Agents Services Limited in 2002 and the Group has not acted for any Names in respect of the 2003, 2004, 2005, 2006 or 2007 years of account Greenwich Lloyd's Underwriting Limited will be deregistered as a members' agent as soon as practical

The results for 2007 were in line with expectations The directors will continue to wind down the Group's affairs as efficiently as possible

Share Capital

Changes to share capital during the year are fully explained in note 14 to the accounts

Results and dividends

The result for the year is as shown in the profit and loss account on page 9 No dividend is proposed on the ordinary shares of the Company

Financial instruments

The Group has little exposure to risks arising from financial instruments The only area where the Group is exposed to risk is that of liquidity and cash flow This is the risk that the Group will not have sufficient funds to meet its obligations as they fall due Robust liquidity management forms an important component of the Group's financial management practices and systems are in place to both measure and monitor the potential sources of liquidity risk that have been identified The Group takes full advantage of the credit extended to it by its suppliers and a liquid asset buffer is maintained to cover contingencies

DIRECTORS' REPORT (continued)

Directors

The Directors who served throughout the year and their beneficial interests in the share and loan capital of the Company are detailed below

At 1 January 2007

	Ordinary 5p shares directly held	Ordinary 5p shares indirectly held	Warrants directly held	Warrants indirectly held	Share options issued 31 March 1999
CJ Hodgson	251,754	128,500	3,300	6,425	100,000
GP Nash	22,000	-	1,100	-	100,000
AT West	-	-	-	-	-

At 31 December 2007

	Ordinary 5p shares directly held	Ordinary 5p shares indirectly held	Warrants directly held	Warrants indirectly held	Share options issued 31 March 1999
CJ Hodgson	251,754	128,500	3,300	6,425	100,000
GP Nash	22,000	-	1,100	-	100,000
AT West	-	-	-	-	-

The interests listed above are those notified under Part X of the Companies Act 1985

The share option scheme is an unapproved scheme and was adopted by the board on behalf of the Company in March 1999 A total of 1,140,000 options to purchase ordinary 5p shares have been issued to certain employees and directors The exercise price of the option is £1 and the exercise is dependent on the achievement of performance criteria

Directors' and Officers' liability insurance

The Company did not renew the liability insurance for its Directors and Officers

Supplier payments

Individual subsidiary companies are responsible for negotiating the terms and conditions of trade under which suppliers are asked to operate Once agreed, payments to suppliers are made in accordance with these terms and conditions, subject always to acceptable performance by the supplier The average number of creditor days outstanding for the Group at 31 December 2007 was 14 (2006 14)

Charitable and political contributions

Charitable contributions amounting to £Nil (2006 £nil) were made during the year

DIRECTORS' REPORT (continued)

Auditors

Mazars LLP have expressed their willingness to continue in office In accordance with Section 385 of the Companies Act 1985 a resolution for their re-appointment as auditors will be submitted to the Annual General Meeting

Approved by the Board of Directors and signed on behalf of the Board

Graham Nash
Director

31.10. 2008

Pingle House
Priors Hardwick
Southam
Warwickshire
CV47 7SL

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and 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 Group as at the end of the financial year and of the profit or loss of the Group for that year 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 a going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENWICH INSURANCE HOLDINGS PLC

We have audited the financial statements for the year ended 31 December 2007 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and related notes These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the Company's members as a body in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the Company's members as a body, those matters we are required to state to them in an auditors' 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 opinion we have formed

Respective responsibilities of directors and auditors
As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements The other information comprises only the Directors' Report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts of and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GREENWICH INSURANCE HOLDINGS PLC (continued)

Basis of audit opinion (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and of the Group's affairs as at 31 December 2007 and of the Group's loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 22 to the financial statements concerning the Group's ability to continue as a going concern The matters explained in note 22 indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern

Mazars LLP

Mazars LLP
Chartered Accountants and Registered Auditors
Tower Bridge House
St Katharine's Way
London
E1W 1DD

31 Oct 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2007

	Notes	2007 £000's	2006 £000's
Turnover – continuing operations	2	20	20
Operating expenses	3	(163)	(192)
Operating loss		(143)	(172)
Continuing operations		(143)	(172)
Discontinued operations		-	-
		(143)	(172)
Investment income		65	44
		(78)	(128)
Income from interest in associate		-	(10)
Exceptional item- profit on disposal of associated company	5	-	390
Profit/(loss) on ordinary activities before tax		(78)	252
Taxation on ordinary activities	6	-	3
Profit/(loss) on ordinary activities after tax		(78)	255
Profit/(loss) per 5p ordinary share – pence	8	(0 21)	0 7

The notes on pages 13 to 28 form part of these financial statements and include details of the basis of preparation in note 1 The Group has no recognised gains or losses other than the result for the year

CONSOLIDATED BALANCE SHEET
As at 31 December 2007

	Notes	2007 £000's	2006 £000's
Fixed assets	9	-	-
		-	-
Debtors	10	1,508	4,293
Cash at bank	11	1,055	100
		2,563	4,193
Creditors amounts falling due within one year	12	(464)	(450)
Net current assets		2,099	3,943
Total assets less current liabilities		2,099	3,943
Provisions for liabilities	13	(1,349)	(3,115)
Total net assets		750	828

	Notes	2007 £000's	2006 £000's
Capital and reserves			
Called up share capital	14/15	1,845	1,838
Share premium account	15	32,652	32,531
Merger reserve	15	141	141
Convertible Unsecured Loan Stock	15/16	673	800
Profit and loss account	15	(34,561)	(34,482)
Equity shareholders' funds	15	750	828

In addition to the above shareholders' funds, non-equity warrants and share options have been issued as disclosed in note 14

The notes on pages 13 to 28 form part of these financial statements and include details of the basis of preparation in note 1

COMPANY BALANCE SHEET
As at 31 December 2007

	Notes	2007 £000's	2006 £000's
Fixed assets	9	-	-
Investments	17	-	-
		-	-
Debtors	10	1,228	2,346
Cash and short term deposits		969	15
		2,197	2,361
Creditors amounts falling due within one year	12	(1,635)	(1,590)
Net current assets		562	771
Total assets less current liabilities		562	771
Provisions for liabilities	13	(1,159)	(1,286)
Total net liabilities		(597)	(515)
Capital and reserves			
Called up share capital	14/15	1,845	1,838
Share premium account	15	32,652	32,531
Capital reserve – merger relief	15	141	141
Unsecured loan stock	15/16	673	800
Profit and loss account	15	(35,908)	(35,825)
Equity Shareholders' funds	15	(597)	(515)

In addition to the above shareholders' funds, non-equity warrants and share options have been issued as disclosed in note 14

The financial statements were approved by the Board on 31.12.2008 and signed on its behalf by

Graham Nash
Director

The notes on pages 13 to 28 form part of these financial statements and include details of the basis of preparation in note 1

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2007

	Notes	2007 £000's	2007 £000's	2006 £000's	2006 £000's
Cash flow from operating activities	18 a		890		(1,175)
Returns on investments and servicing of income			65		44
Acquisition and disposal of investments					
Sale of investments		-		1,000	
Net cash inflow from capital expenditure			-		1,000
Net cash outflow before financing			955		(131)
Financing					
Receipt of cash on loan stock			-		-
Increase/(decrease) in cash in the period			955		(131)
Increase/(decrease) in cash in the period	18 b		955		(131)
Net funds at 1 January	18 b		100		231
Net funds at 31 December	18 b		1,055		100

The notes on pages 13 to 28 form part of these financial statements and include details of the basis of preparation in note 1

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

1 Principal accounting policies

(a) ***Basis of preparation***

The consolidated financial statements are prepared in accordance with the provisions of section 227 of, and Schedule 4A to, the Companies Act 1985

The consolidated financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules and on the going concern basis Notwithstanding the matters and uncertainties referred to in note 22, the directors consider the going concern basis to be appropriate

The balance sheet of the Company has been prepared in accordance with the provisions of Section 226 of, and Schedule 4 to, the Companies Act 1985 The Company is exempt from the requirement to publish its entity profit and loss account

The particular accounting policies adopted are described below

(b) ***Basis of consolidation***

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings made up to 31 December (or the date of disposal if earlier) and its share of the results and post-acquisition reserves of associated undertakings

The profits and losses of subsidiary and associated undertakings other than Greenwich Holdings Limited (and its subsidiary undertakings) (see note 17), are consolidated from the date of acquisition to the date of disposal using the acquisition method of accounting When the Company's shares are issued in respect of an acquisition, the share premium is computed on the basis of the market value of the shares at the date of acquisition The difference between the cost of acquisition of shares in these subsidiaries and the fair value of the separable net assets acquired is capitalised as goodwill and amortised over its estimated useful life

In respect of Greenwich Holdings Limited (and its subsidiary undertakings) the Group's financial statements have been prepared in accordance with the principles of merger accounting

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2007

1 Principal accounting policies (continued)

(c) ***Investments***
Listed investments are valued at middle market prices

(d) ***Agency fees***
Agency fees are recognised in the year to which the fee relates

(e) ***Investment income and expenses***
Dividends from investments declared payable up to the balance sheet date and interest from securities are included on an accruals basis

(f) ***Tangible fixed assets***
Tangible fixed assets are stated at cost Depreciation is provided at rates calculated to write off the cost less estimated residual value in equal instalments over the estimated useful economic lives of the tangible assets

Computer equipment	3 years

(g) ***Operating leases***
Rentals payable under operating leases are charged on a straight line basis over the term of the lease

(h) ***Taxation***
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

A deferred tax asset is only recognised in respect of trading losses to the extent that it is more likely than not that there will be future trading profits against which the losses can be relieved

(i) ***Interest***
Interest is accounted for on a receivable basis

(j) ***Pension costs***
The Group operated a money purchase scheme during the year The scheme's funds are administered by the trustees and are independent from the Group's finances Defined contribution payments are charged to the profit and loss account as they become payable on an accruals basis

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2007

1 Principal accounting policies (continued)

(k) Foreign currency transactions

Transactions in foreign currency, whether of a revenue or capital nature, are translated into sterling at the rates of exchange ruling on the dates of such transactions Revenue items accrued and other monetary foreign currency assets and liabilities at the balance sheet date are translated into sterling at the rates of exchange ruling on that date Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account

2 Segmental analysis

	Members' Agency £000's	Other £000's	Total £000's
2007			
Turnover	-	20	20
Operating expenses – continuing operations	(8)	(155)	(163)
Operating expenses – discontinued operations	-	-	-
Investment income	3	62	65
(Loss) before tax	(5)	(73)	(78)
Total net assets/(liabilities) at 31 12 2007	(266)	971	750

	Members' Agency £000's	Other £000's	Total £000's
2006			
Turnover	-	20	20
Operating expenses – continuing operations	(14)	(178)	(192)
Operating expenses – discontinued operations	-	-	-
Investment income	3	41	44
Income from interests in associated undertaking	-	(7)	(7)
Profit on disposal of discontinued operations	-	390	390
Profit / (Loss) before tax	(11)	266	255
Total net assets/(liabilities) at 31 12 2006	(261)	1,089	828

All turnover is to the UK market

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2007

3 Operating expenses

Operating expenses are stated after charging

	2007 £000's	2006 £000's
Audit fees	35	47
Auditors' remuneration for other services	10	6
Bad and doubtful debt expense provided against debtors	(19)	192

4 Directors' emoluments and other transactions

There are no other employees apart from the directors

No remuneration in respect of directors was paid during the year

The highest paid director received emoluments of £nil (2006 £nil) during the year and contributions to the Group money purchase pension scheme of £nil (2006 £nil) have been made Retirement benefits are accruing to two (2006 two) directors under the money purchase scheme

Fees of £13,707 (2006 £16,250) were payable to Ganymede Limited in respect of services provided by AT West

Fees of £75,100 (2006 £93,168) were payable to Hodgson Insurance Management Ltd in respect of services provided by C J Hodgson and G P Nash

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2007

5 Profit on disposal of operations

	2007 £000's	2006 £000's
Profit on disposal of associated company GMA Imagine Limited	-	390
	-	390

6 Taxation

	2007 £000's	2005 £000's
(a) Analysis of charge in period		
Current tax		
UK corporation tax on profits of the period	-	-
Adjustment in respect of previous periods	-	-
Current tax charge for period (see (b) below)	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Share of associate's tax		(3)
Tax on profit on ordinary activities	-	(3)
(b) Factors affecting tax charge for period		
Profit/(loss) on ordinary activities before tax	(78)	252
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	(23)	77
Effects of		
Expenses not deductible for tax purposes	-	-
Income not taxable	2	(19)
Other timing differences	(4)	58
Tax losses not recognised	-	-
Utilisation of tax losses	25	(119)
Current tax charge for period (see (a) above)	-	(3)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2007

6 Taxation (continued)

(c) Deferred tax asset not provided for	2007 £000's	2006 £000's
Other timing differences	(496)	(57)
Tax losses	(73)	(29)
	(569)	(86)

7 Dividends

No dividends (2006 £nil) have been paid or proposed on the ordinary shares of the Company

8 Profit/(loss) per share

The calculation of the profit per share is based on the result from ordinary activities after tax attributable to ordinary shareholders of £(78,000) 2006 £255,000) and on the weighted average number of shares in issue during the year of 36,838,440 (2006 36,733,130)

9 Tangible fixed assets

The Group and Company	Computer equipment £000's
Cost	
At 1 January and 31 December 2007	1
Depreciation	
At 1 January 2007	(1)
Charge for year	-
At 31 December 2007	(1)
Net book amount	
At 31 December 2007	-
At 31 December 2006	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2007

10 Debtors

Amounts falling due in less than one year:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	£000's	**£000's**	**£000's**	**£000's**
Other debtors	349	3,007	69	1,060
Loan stockholders	1,159	1,286	1,159	1,286
	1,508	4,293	1,228	2,346

Amounts due from subsidiary undertakings are net of a provision for doubtful debts of £ 1, 382,308(2006 £1,362,728)

11 Cash at bank

Cash at bank includes balances of £24,309 (2006 £23,191) which are held in trust on behalf of Names

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2007

12 Creditors: amounts falling due within one year

	Group		Company	
	2007 £000's	**2006 £000's**	**2007 £000's**	**2006 £000's**
Amounts due to subsidiaries	-	-	1,362	1,372
Accruals	78	75	36	42
Other creditors	386	375	237	176
	464	450	1,635	1,590

13 Provisions for liabilities and charges

Company	**EIR provision £000's**	**Loan stock provision £000's**	**Total £000's**
At 1 January 2007	-	1,286	1,286
Release in the year	-	(127)	(127)
At 31 December 2007	-	1,159	1,159

Group	**EIR provision £000's**	**Loan stock provision £000's**	**Total £000's**
At 1 January 2007	1,829	1,286	3,115
Release in the year	(1,639)	(127)	(1,766)
At 31 December 2007	190	1,159	1,349

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2007

13 Provisions for liabilities and charges (continued)

Loan stock provision

Some of the outstanding amounts due from loan stock holders are expected to be paid directly to or for the benefit of the Grenville Underwriting companies under the terms of their membership of Lloyd's The Grenville Underwriting companies may not be in a position to repay these sums to the Company or the Group and so a provision has been made to cover this commitment of funds When amounts are paid directly to or for the benefit of the Grenville Underwriting Companies, the corresponding loan stock provision is released and replaced by a provision for bad and doubtful debts against the increased sum owed by the relevant Grenville Underwriting Company

EIR provision

Pursuant to the agreement reached with European International Reinsurance Company Limited (EIR) in respect of the guarantees given by the Company and Group (see note 21) the Company and Group has agreed that certain specific payments will be made to EIR on the receipt of the remaining sales proceeds in respect of the Grenville Underwriting companies and the repayment of the subordinated loan to Greenwich Managing Agency Limited

14 Share capital

	2007 £000's	2006 £000's
Authorised:		
Ordinary shares of 5p each	75,000	75,000
Allotted, issued and fully paid:		
Ordinary shares of 5p each	1,845	1,838

During the year the following ordinary 5p shares were issued in respect of loan stock conversion

	No.
A Loan Stock	-
B Loan Stock	-
C Loan Stock	-
D Loan Stock	126,782

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2007

14 Share capital (continued)

No further shares have been ıssued sınce 31 December 2007
All loan stock was converted at the rate of one 5p share per £1 of loan stock

An unapproved share optıon scheme was adopted on behalf of the Company ın March 1999 A total of 1,140,000 optıons to purchase ordınary shares of 5p have been ıssued to certaın employees and Dırectors The exercıse prıce ıs £1 and the exercıse ıs dependent on the achıevement of certaın performance crıterıa

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2007

15 Shareholders' funds

Year ended 31 December 2007

Group

	Ordinary shares 5p £000's	Share premium £000's	Profit & loss £000's	Merger reserve £000's	Convertible unsecured loan stock £000's	Total £000's
At 1 January 2007	1,838	32,531	(34,482)	141	800	828
Conversion of loan stock	7	120		-	(127)	
Profit retained for the year	-	-	(78)	-	-	(78)
At 31 December 2007	1,845	32,652	(34,561)	141	673	750

Company

	Ordinary shares 5p £000's	Share premium £000's	Profit & loss £000's	Merger reserve £000's	Convertible unsecured loan stock £000's	Total £000's
At 1 January 2007	1,838	32,351	(35,825)	141	800	(515)
Conversion of loan stock	7	120	-	-	(127)	-
Profit retained for the year	-	-	(83)	-	-	(82)
At 31 December 2007	1,845	32,652	(35,908)	141	673	597

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2007

16 Convertible unsecured loan stock

The convertible unsecured loan stock issued is as follows

	In issue at 1.1.2007 £000's	Redeemed in 2007 £000's	In issue at 31.12 2007 £000's	In respect of conversion vehicle
A Loan Stock	11	-	11	Grenville Underwriting II Limited
B Loan Stock	68	-	68	Grenville Underwriting I Limited
C Loan Stock	9	-	9	Grenville Underwriting III Limited
D Loan Stock	712	(127)	585	Grenville Underwriting IV Limited
	800	(127)	673	

The convertible unsecured loan stocks were issued nil paid in registered form in amounts of £1 each to converting Names No interest is payable on the convertible unsecured loan stock The convertible unsecured loan stock has been classified as shareholders' funds as there is no transfer of economic benefits from the Company to the holders

On payment in full the outstanding loan stock will be converted to ordinary 5p shares, at the rate of one share for each £1 of loan stock

As at 31 December 2007 all loan stock has been called by the Company

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2007

17 Investments

(a) Investments in subsidiaries

	Ordinary shares £000's
Cost	
At 1 January 2007	900
At 31 December 2007	900
Provision for diminution in value	
At 1 January 2007	900
At 31 December 2007	900
Net book value at 31 December 2007	-
Net book value at 31 December 2006	-

The Company had the following subsidiaries at the balance sheet date, all of which are incorporated in Great Britain and registered in England and Wales

Grenville Holdings Limited	- Holding company
Greenwich Holdings Limited	- Holding company
Greenwich Lloyd's Underwriting Limited*	- Lloyd's members' agent
Service Corporate Capital Limited	- Corporate member of Lloyd's

*denotes indirect holding

All the subsidiaries are wholly owned except for 100 £1 preference shares in Greenwich Holdings Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2007

18 Consolidated Cash flow statement

(a) Reconciliation of operating profit/(loss) to net cashflow from operating activities

	2007 £000's	2006 £000's
Profit/(loss) before tax	(78)	252
		-
Profit on disposal of associated company	-	(390)
Provision for bad and doubtful debt	-	-
Decrease in other provisions	(1,766)	(132)
Investment income	(65)	(44)
(Increase)/decrease in debtors and prepayments	2,785	(933)
Increase in creditors and accruals	14	61
Share of profit of associated undertaking	-	10
		-
Depreciation	-	1
	890	(1,175)

(b) Analysis of changes in net funds

	At 1 January 2007 £000's	Cash flow £000's	At 31 December 2007 £000's
Cash at bank	100	955	1,055
	100	955	1,055

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 20067

19 Pension schemes

The Group has operated a money purchase scheme The scheme's funds are admınıstered by the trustees and are ındependent from the Group's finances

As at 31 December 2007 no contnbutıons (2006 £nıl) were payable by the Group

20 Financial commitments

At 31 December 2007 the Group had no annual commıtments (2006 £nıl) under non-cancellable leases

21 Guarantees

On 31 December 1998 Greenwıch Insurance Holdıngs PLC gave European Internatıonal Reınsurance Company Ltd ("EIR") a floatıng charge over the assets of Group companıes to secure the varıous amounts payable to European Internatıonal Reınsurance Company Ltd by the Grenvılle Underwrıtıng companıes under the reınsurance agreements whıch enabled the Group's former underwrıtıng subsıdıarıes to underwrıte at Lloyd's on a 4 to 1 gearıng ratıo

At 31 December 2007, the Grenvılle Underwrıtıng companıes owed £10,427,000 (2006 £10,427,000) to EIR The companıes are not currently able to pay these as they fall due and, but for the agreement descrıbed below, EIR would be entıtled to enforce ıts securıty over the Group's assets

EIR has agreed not to enforce ıts securıty provıded the Company contınues to make all reasonable efforts to maxımıse ıts realısable value Provısıon has been made for specıfic payments to EIR (see note 13)

On 27 October 2006 EIR further released ıts charge over the Company's ınterest ın GMA Imagıne Lımıted (and any proceeds from the dısposal of thıs ınterest) on receıpt of £50,000

22 Going concern

The financial statements have been prepared on a going concern basis However, the following matters are relevant

(a) the financial statements of certain subsidiaries of the Group have not been prepared on a going concern basis, as they have net liabilities, and

(b) the continuing status of the Group as a going concern depends on EIR continuing to be satisfied that the Company is making all reasonable efforts to maximise the value of its security as described in Note 21

These matters indicate material uncertainty over the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business