Reports & Financial Statements

For the year ended 31 December 2010

Greenwich Insurance Holdings PLC

Company Registration No: 3400222

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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 2010
The company's registration number is 3400222

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 2009 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 2010 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 11 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 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 2010

	Ordinary 5p shares directly held	Ordinary 5p shares indirectly held	Share options issued 31 March 1999
CJ Hodgson	426,754	128,500	100,000
GP Nash	22,000	-	100,000
AT West	-	-	-

At 31 December 2010

	Ordinary 5p shares directly held	Ordinary 5p shares indirectly held	Share options issued 31 March 1999
CJ Hodgson	426,754	128,500	100,000
GP Nash	22,000	-	100 000
AT West	-	-	-

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

Due to the discontinued nature of the group's business, suppliers are not applicable The main expenses incurred are management and professional fees, which are paid when billed

Charitable and political contributions

Charitable contributions amounting to £nil (2009 £nil) were made during the year

DIRECTORS' REPORT (continued)

Disclosure of information to Auditors

Under the Companies Act 2006 section 418, we confirm that

(a) so far as we are aware, there is no relevant audit information of which the Company's auditors are unaware, and

(b) we have taken all the steps that we ought to have taken as directors in order to make us aware of any relevant information and to establish that the Company's auditors are aware of that information

Auditors

Mazars LLP will continue in office in accordance with CA 2006, s 487(2)

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

Graham Nash
Director

30 June 2011

Pingle House
Priors Hardwick
Southam
Warwickshire
CV47 7SL

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Director's 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 Group and of the profit or loss of the Group for that period In preparing these 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 UK 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 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 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 of Greenwich Insurance Holdings Plc for the year ended 31 December 2010 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement 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 auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 group's and the parent company's affairs as at 31 December 2010 and of the group's loss 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

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 19 to the financial statements concerning the Group's ability to continue as a going concern The matters explained in note 19 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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GREENWICH INSURANCE HOLDINGS PLC (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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent 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 (Statutory auditor)

Tower Bridge House,
St Katharine's Way
London, EW1 1DD

30 June 2011

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

	Notes	2010 £000's	2009 £000's
Turnover	2	20	20
Operating expenses	3	(293)	(182)
Operating profit / (loss)		(273)	(162)
Investment income		3	11
Profit/(loss) on ordinary activities before tax		(270)	(151)
Taxation on ordinary activities	5	-	-
Profit/(loss) on ordinary activities after tax		(270)	(151)

The notes on pages 13 to 27 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 2010

	Notes	2010 £000's	2009 £000's
Debtors	7	852	790
Cash at bank	8	750	1,125
		1,602	1,915
Creditors amounts falling due within one year	9	(434)	(477)
Net current assets		1,168	1,438
Total assets less current liabilities		1,168	1,438
Provisions for liabilities	10	(742)	(742)
Total net assets		426	696

Capital and reserves			
Called up share capital	11/12	1,847	1,847
Share premium account	12	32,694	32,694
Merger reserve	12	141	141
Convertible Unsecured Loan Stock	12/13	569	569
Profit and loss account	12	(34,825)	(34,555)
Equity shareholders' funds		426	696

In addition to the above shareholders' funds share options have been issued as disclosed in note 11

The notes on pages 13 to 27 form part of these financial statements and include details of the basis of preparation in note 1

COMPANY BALANCE SHEET
As at 31 December 2010

	Notes	2010 £000's	2009 £000's
Investments	14	-	-
		-	-
Debtors	7	685	618
Cash and short term deposits		665	1,035
		1,350	1,653
Creditors amounts falling due within one year	9	(1,569)	(1,620)
Net current assets		(219)	33
Total assets less current liabilities		(219)	33
Provisions for liabilities	10	(569)	(569)
Total net liabilities		(788)	(536)
Capital and reserves			
Called up share capital	11/12	1,847	1,847
Share premium account	12	32,694	32,694
Capital reserve – merger relief	12	141	141
Unsecured loan stock	12/13	569	569
Profit and loss account	12	(36,039)	(35,787)
Equity Shareholders' funds	12	(788)	(536)

In addition to the above shareholders' funds share options have been issued as disclosed in note 11

The financial statements were approved by the Board on 30 June 2011 and signed on its behalf by

Graham Nash
Director

The notes on pages 13 to 27 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 2010

	Notes	2010 £000's	2009 £000's
Cash flow from operating activities	15 a	(378)	(222)
Returns on investments and servicing of income		3	11
Net cash inflow before financing		(375)	(211)
Financing			
Increase/(decrease) in cash in the period	15 b	(375)	(211)
Net funds at 1 January	15 b	1,125	1,336
Net funds at 31 December	15 b	750	1,125

The notes on pages 13 to 27 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 2010

1 Principal accounting policies

(a) *Basis of preparation*

The consolidated financial statements are prepared in accordance with the provisions of section 339 of the Companies Act 2006 and Statutory Instrument 2008 / 410 Schedule 6

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 19, 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 394 of the Companies Act 2006 and Statutory Instrument 2008 / 410 Schedule 1 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 undertaking Greenwich Lloyd's Underwriting Limited) (see note 14), 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 undertaking Greenwich Lloyd's Underwriting Limited) 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 2010

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) ***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

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

(h) ***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

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

2 Segmental analysis

	Members' Agency £000's	Other £000's	Total £000's
2010			
Turnover	-	20	20
Operating expenses	(4)	(289)	(293)
Investment income	-	3	3
Profit/(loss) before tax	(4)	(266)	(270)
Total net assets/(liabilities) at 31 12 2010	(261)	687	426

	Members' Agency £000's	Other £000's	Total £000's
2009			
Turnover	-	20	20
Operating expenses	9	(191)	(182)
Investment income	-	11	11
Loss before tax	9	(160)	(151)
Total net assets/(liabilities) at 31 12 2009	(257)	953	696

All turnover is to the UK market

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

3 Operating expenses

Operating expenses are stated after charging

	Group 2010 £000's	Group 2009 £000's
Audit fees	40	43
Auditors' remuneration for other services	9	9
Bad and doubtful debt expense provided against debtors	3	60

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 (2009 £nil) during the year and contributions to the Group money purchase pension scheme of £nil (2009 £nil) have been made Retirement benefits are accruing to two (2009 two) directors under the money purchase scheme

Fees of £16,250 (2009 £16,813) were payable to Ganymede Limited in respect of services provided by AT West

Fees of £88,958 (2009 £104,656) were payable to Hodgson Insurance Management Ltd in respect of services provided by C J Hodgson and G P Nash

5 Taxation

	2010 £000's	2009 £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	-	-
Tax on profit on ordinary activities	-	-
(b) Factors affecting tax charge for period		
(Loss)/profit on ordinary activities before tax	(270)	(151)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28 5%)	(76)	(42)
Effects of		
Expenses not deductible for tax purposes	4	9
Income not taxable		(27)
Other timing differences	12	(9)
Tax losses not recognised		
Creation / (Utilisation) of tax losses	60	69
Current tax charge for period (see (a) above)	-	-

5 Taxation (continued)

(c) Deferred tax asset not provided for	2010 £000's	2009 £000's
Other timing differences		-
Tax losses	(294)	(231)
	(294)	(231)

6 Dividends

No dividends (2009 £nil) have been paid or proposed on the ordinary shares of the Company

7 Debtors

Amounts falling due in less than one year:

	Group		Company	
	2010 £000's	2009 £000's	2010 £000's	2009 £000's
Other debtors	282	221	116	49
Loan stockholders	569	569	569	569
	851	790	685	618

A provision of £1,416,637 (2009 £1,405,627) has been made within the Company accounts in respect of amounts owing from subsidiary undertakings

8 Cash at bank

Cash at bank within the Group includes balances of £21,293 (2009 £25,149) which are held in trust on behalf of Names

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

9 Creditors: amounts falling due within one year

	Group		Company	
	2010	**2009**	**2010**	**2009**
	£000's	**£000's**	**£000's**	**£000's**
Amounts due to subsidiaries	-	-	1,323	1,331
Accruals	70	70	48	48
Other creditors	364	407	198	241
	434	477	1,569	1,620

10 Provisions for liabilities and charges

Company	**EIR provision £000's**	**Loan stock provision £000's**	**Total £000's**
At 1 January 2010	-	569	569
Release in the year	-	-	-
At 31 December 2010	-	569	569

Group	**EIR provision £000's**	**Loan stock provision £000's**	**Total £000's**
At 1 January 2010	173	569	742
Release in the year	-	-	-
At 31 December 2010	173	569	742

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

10 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 18) 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

11 Share capital

	2010 £000's	2009 £000's
Authorised:		
Ordinary shares of 5p each	75,000	75,000
Allotted, issued and fully paid:		
Ordinary shares of 5p each	1,847	1,847

11 Share capital (continued)

No shares have been issued since 31 December 2010

All loan stock was converted at the rate of one 5p share per £1 of loan stock During 2010 no D Loan Stock was converted

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

Given the circumstances of the Company, it is unlikely the loan stock will be converted and therefore a provision is held against the loan stock debtor as detailed in note 10

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

12 Shareholders' funds
Year ended 31 December 2010
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 2010	1,847	32,694	(34,555)	141	569	696
Conversion of loan stock	-	-	-	-	-	-
Loss retained for the year	-	-	(270)	-	-	(321)
At 31 December 2010	1,847	32,694	(34,825)	141	569	426

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 2010	1,847	32,694	(35,787)	141	569	(536)
Conversion of loan stock	-	-	-	-	-	-
Loss retained for the year	-	-	(252)	-	-	(303)
At 31 December 2010	1,847	32,694	(36,039)	141	569	(788)

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

13 Convertible unsecured loan stock

The convertible unsecured loan stock issued is as follows

	In issue at 1.1.2010 £000's	Redeemed in 2010 £000's	In issue at 31 12 210 £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	481	-	481	Grenville Underwriting IV Limited
	569		569	

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 2010 all loan stock has been called by the Company

Given the circumstances of the Company, it is unlikely the loan stock will be converted and therefore a provision is held against the loan stock as detailed in note 10

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

14 Investments

(a) Investments in subsidiaries

	Ordinary shares £000's
Cost	
At 1 January 2010	900
At 31 December 2010	900
Provision for diminution in value	
At 1 January 2010	900
At 31 December 2010	900
Net book value at 31 December 2010	-
Net book value at 31 December 2009	-

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 2010

15 Cash flow statement

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

	2010 £000's	2009 £000's
(Loss)/profit before tax	(321)	(151)
Decrease in provisions	-	(316)
Investment income	(3)	(11)
Decrease in debtors and prepayments	(90)	385
Adjustment to Bad Debt Provision Opening Balance		(77)
Increase in creditors and accruals	36	8
Reduction in loan stock		(60)
	(378)	(222)

(b) Analysis of changes in net funds

	At 1 January 2010 £000's	Cash flow £000's	At 31 December 2010 £000's
Cash at bank	1,125	(375)	750
	1,125	(375)	750

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

16 Pension schemes

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

As at 31 December 2010 no contributions (2009 £nil) were payable by the Group

17 Financial commitments

At 31 December 2010 the Group had no annual commitments (2009 £nil) under non-cancellable leases

18 Guarantees

On 31 December 1998 Greenwich Insurance Holdings PLC gave European International Reinsurance Company Ltd ("EIR") a floating charge over the assets of Group companies to secure the various amounts payable to European International Reinsurance Company Ltd by the Grenville Underwriting companies under the reinsurance agreements which enabled the Group's former underwriting subsidiaries to underwrite at Lloyd's on a 4 to 1 gearing ratio

At 31 December 2010, the Grenville Underwriting companies owed £8,431,000 (2009 £8,341,000) to EIR The companies are not currently able to pay these as they fall due and, but for the agreement described below, EIR would be entitled to enforce its security over the Group's assets

EIR has agreed not to enforce its security provided the Company continues to make all reasonable efforts to maximise its realisable value Provision has been made for specific payments to EIR (see note 10)

On 27 October 2006 EIR further agreed to release its charge over the Company's interest in GMA Imagine Limited (and any proceeds from the disposal of this interest) on receipt of £50,000

A payment of £100,000 was made to EIR on 26 November 2010, the floating charge was subsequently released on this date

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

19 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

Whilst the directors consider that is remains appropriate for the Financial Statements to be prepared on a going concern basis at present, these matters indicate material uncertainty over the Group's ability to be able to realise its assets and discharge its liabilities in the normal course of business and therefore to continue as a going concern

20 Related parties

Fees of £50,608£ (2009 £17,429) were payable to Headwinds Investment Limited in respect of new investment vehicle created for which Greenwich Insurance Holding Plc is to be a future shareholder

G Nash is a Director of both Greenwich Insurance Holdings Plc and Headwinds Investment Limited as at the Balance Sheet date