

Company registration number: 3441116

Nameco (No. 104) Limited

Report and financial statements 31 December 2010

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Nameco (No. 104) Limited
Company information

Directors

J R H Evans
Nomina plc
S Dickinson

Company Secretary

Hampden Legal PLC

Registered Office

85, Gracechurch Street
London
EC3V OAA

Auditors

Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London
E14 4HD

Solicitors

Jones Day
21, Tudor Street
London
EC4Y ODJ

Nameco (No. 104) Limited

Report of the Directors

The Directors submit their Report together with the Financial Statements of the Company for the year ended 31 December 2010

Principal Activities, Business Review and Future Developments

The principal activity of the Company is that of trading as a Lloyd's corporate capital member. The company ceased underwriting with effect from 1 January 2009 and will continue to wind up the liabilities arising from underwriting business prior to that date.

The financial statements incorporate the annual accounting results of the syndicates on which the Company participates for the 2008 year of account and any 2007 and prior run-off years. The 2008 year closed at 31 December 2010 with a result of £70,312 (2007 £113,937).

Certain syndicates on which the Company participates have for a variety of reasons been unable to close. There is a greater than usual degree of uncertainty as to the eventual outcome of these accounts.

Results and Dividends

The results for the year are set out on pages 7 to 8 of the Financial Statements. Dividends totalling £- were paid in the year (2009 £-).

Key Performance Indicators

The directors monitor the performance of the Company by reference to the following key performance indicators:

	2010	2009
Capacity (youngest underwriting year)	-	-
Gross premium written as a % of capacity	0.0%	0.0%
Underwriting profit of latest closed year		
as a % of capacity	12.5%	19.5%
Run-off years of account movement	2,406	476

Other Performance Indicators

As a result of the nature of this Company as a Lloyd's Corporate Member, the majority of its activities are carried out by the syndicates in which it participates. The Company is not involved directly in the management of the syndicate's activities, including employment of syndicate staff, as these are the responsibility of the relevant Managing Agent. Each Managing Agent will also have responsibility for the environmental activities of each syndicate, although by their nature insurers do not produce significant environmental emissions. As a result, the Directors of the Company do not consider it appropriate to monitor and report any performance indicators in relation to staff or environmental matters.

Risk Management

As a corporate member of Lloyd's, the majority of the risks to this Company's future cash flows arise from its participation in the results of Lloyd's syndicates. As detailed below, these risks are mostly managed by the Managing Agent of the syndicate. This Company's role in managing this risk is limited to selection of syndicate participations and monitoring performance of the syndicates.

Nameco (No. 104) Limited

Report of the Directors (continued)

Syndicate Risks

The syndicate's activities expose it to a variety of financial and non-financial risks. The Managing Agent is responsible for managing the syndicate's exposure to these risks and, where possible, introducing controls and procedures that mitigate the effects of the exposure to risk. Each year, the Managing Agent prepares an Individual Capital Assessment (ICA) for the syndicate, the purpose of this being to agree capital requirements with Lloyd's based on an agreed assessment of the risks impacting the syndicate's business, and the measures in place to manage and mitigate those risks from a quantitative and qualitative perspective. The risks described below are typically reflected in the ICA, and typically the majority of the total assessed value of the risks concerned is attributable to Insurance Risk.

The insurance risks faced by a syndicate include the occurrence of catastrophic events, downward pressure on pricing of risks, reductions in business volumes and the risk of inadequate reserving. Reinsurance risks arise from the risk that a reinsurer fails to meet their share of a claim. The management of the syndicate's funds is exposed to risks of investment, liquidity, currency and interest rates leading to financial loss. The syndicate is also exposed to regulatory and operational risks including its ability to continue to trade. However, supervision by Lloyd's and the Financial Services Authority provide additional controls over the syndicate's management of risks.

The Company manages the risks faced by the syndicates on which it participates by monitoring the performance of the syndicates it supports. This commences in advance of committing to support a syndicate for the following year, with a review of the business plan prepared for each syndicate by its Managing Agent. In addition quarterly reports and annual accounts together with any other information made available by the Managing Agent are monitored and if necessary enquired into. If the Company considers that the risks being run by the syndicate are excessive it will seek confirmation from the Managing Agent that adequate management of the risk is in place and if considered appropriate will withdraw support from the next underwriting year. The company relies on advice provided by the Members' Agent which acts for it, who are specialists in assessing the performance and risk profiles of syndicates.

Investment and Currency Risks

The other significant risks faced by the Company are with regard to the investment of the available funds within its own custody. The elements of these risks are investment risk, liquidity risk, currency risk and interest rate risk. The main liquidity risk would arise if a syndicate had inadequate liquid resources for a large claim and sought funds from the company to meet the claim. In order to minimise investment, credit and liquidity risk the Company's funds are invested in readily realisable short term cash deposits.

Regulatory Risks

The Company is subject to continuing approval by Lloyd's and the Financial Services Authority to be a member of a Lloyd's syndicate. The risk of this approval being removed is mitigated by monitoring and fully complying with all requirements in relation to membership of Lloyd's. The capital requirements to support the proposed amount of syndicate capacity for future years are subject to the requirements of Lloyd's. A variety of factors are taken into account by Lloyd's in setting these requirements including market conditions and syndicate performance and although the process is intended to be fair and reasonable the requirements can fluctuate from one year to the next, which may constrain the volume of underwriting the Company is able to support.

Nameco (No. 104) Limited

Report of the Directors (continued)

Operational Risks

As there are relatively few transactions actually undertaken by the Company there are only limited systems and staffing requirements of the Company and therefore operational risks are not considered to be significant. Close involvement of all directors in the Company's key decision making and the fact that the majority of the Company's operations are conducted by syndicates provides control over any remaining operational risks.

Directors

The Directors who served at any time during the year were as follows

J R H Evans
Nomina plc
S Dickinson

Directors' Responsibilities

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 year, in accordance with United Kingdom Accounting Standards and applicable law (UK and Generally Accepted Accounting Practice). In preparing those Financial Statements the Directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and accounting 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
- 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 to enable them to ensure that the Financial Statements comply with the Companies Act. 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. The Directors are responsible for ensuring that the Report of the Directors is prepared in accordance with company law in the United Kingdom.

Auditors

Littlejohn LLP has signified its willingness to continue in office as auditors

Nameco (No. 104) Limited

Report of the Directors (continued)

In the case of each of the persons who are Directors at the time this report is approved, the following applies:

- (a) So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Approved by the Board on 22 August 2011
and signed on its behalf by



Hampden Legal PLC
Secretary

Nameco (No. 104) Limited

Report of the Auditors

Independent Auditor's report to the members of Nameco (No. 104) Limited

We have audited the Financial Statements of Nameco (No. 104) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Accounting Policies 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).

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.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement, 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 Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances, and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements.

Opinion on 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 its result 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

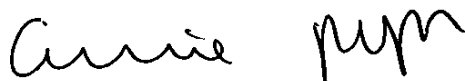
In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

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.

We have nothing to report in respect of the above matters.



Carmine Papa (Senior statutory auditor)
For and on behalf of Littlejohn LLP
Statutory auditor
22 August 2011

1 Westferry Circus
Canary Wharf
London E14 4HD

Nameco (No. 104) Limited

Profit and loss account Technical account – general business for the year ended 31 December 2010

	Note	2010 £	2009 £
Premiums Written			
Gross premiums written	1	(5,252)	79,018
Outward reinsurance premiums		(326)	(6,957)
Net Premiums Written		<u>(5,578)</u>	<u>72,061</u>
Change in the provision for Unearned premiums			
Gross Provision		29,165	233,580
Reinsurers' share		(2,579)	(26,455)
Earned Premiums, Net of Reinsurance		<u>21,008</u>	<u>279,186</u>
Allocated Investment Return Transferred from the Non-Technical Account		14,090	31,289
Other technical income, net of reinsurance		193	1,951
Claims Paid			
Gross Amount		(194,158)	(298,563)
Reinsurers' share		35,348	47,228
Net claims paid		<u>(158,810)</u>	<u>(251,335)</u>
Change in Provision for Claims			
Gross amount		210,206	153,821
Reinsurers' share		(38,587)	(25,400)
Change in net provision for claims		<u>171,619</u>	<u>128,421</u>
Claims Incurred, Net of Reinsurance		12,809	(122,914)
Changes in other technical provisions, net of reinsurance		-	-
Net operating expenses	3	(17,544)	(115,823)
Other technical charges, net of reinsurance		-	-
Balance on the Technical Account for General Business		<u>30,556</u>	<u>73,689</u>

The accounting policies and notes on pages 12 to 24 form part of these Financial Statements

Nameco (No. 104) Limited

Profit and loss account Non - technical account for the year ended 31 December 2010

	Note	2010 £	2009 £
Balance on Technical Account for General Business		30,556	73,689
Investment income	4	19,257	34,128
Unrealised gains on investments		4,621	13,920
Investment expenses and charges	5	(4,372)	(8,591)
Unrealised losses on investments		(5,298)	(6,044)
Allocated investment return transferred to the general business technical account		(14,090)	(31,289)
Other income		57	-
Other charges		(1,220)	(10,648)
Profit/(loss) on ordinary activities before taxation	6	29,511	65,165
Tax on profit/(loss) on ordinary activities	7	(6,866)	(22,774)
Profit/(loss) for the financial year	14	22,645	42,391

All amounts relate to discontinued operations

The company had no recognised gains and losses in the year other than the result above

The accounting policies and notes on pages 12 to 24 form part of these Financial Statements

Nameco (No. 104) Limited

Balance sheet as at 31 December 2010

		31 December 2010			31 December 2009		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Assets							
Intangible assets	9	-	-	-	-	-	-
Investments							
Financial investments	10	446,535	-	446,535	641,523	-	641,523
Deposits with ceding undertakings		48	-	48	107	-	107
		446,583	-	446,583	641,630	-	641,630
Reinsurers' share of technical provisions							
Provision for unearned premiums		-	-	-	1,980	-	1,980
Claims outstanding		108,774	-	108,774	147,023	-	147,023
Other technical provisions		-	-	-	-	-	-
		108,774	-	108,774	149,003	-	149,003
Debtors							
Arising out of direct insurance operations		22,309	-	22,309	40,951	-	40,951
Arising out of reinsurance operations		35,613	-	35,613	73,673	-	73,673
Other debtors	11	27,301	150,729	178,030	33,747	257,998	291,745
		85,223	150,729	235,952	148,371	257,998	406,369
Other assets							
Cash at bank and in hand		(2,790)	1,101	(1,689)	26,892	7,755	34,647
Other		54,833	-	54,833	65,487	-	65,487
		52,043	1,101	53,144	92,379	7,755	100,134
Prepayments and accrued income							
Accrued interest		970	-	970	3,024	-	3,024
Deferred acquisitions costs		(4)	-	(4)	9,488	-	9,488
Other prepayments and accrued income		661	-	661	954	-	954
		1,627	-	1,627	13,466	-	13,466
Total assets		694,250	151,830	846,080	1,044,849	265,753	1,310,602

The accounting policies and notes on pages 12 to 24 form part of these Financial Statements

Nameco (No. 104) Limited

Balance sheet as at 31 December 2010

		31 December 2010			31 December 2009		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Liabilities and shareholders' funds							
Capital and reserves							
Called up share capital	12	-	1	1	-	1	1
Share premium account		-	-	-	-	-	-
Profit and loss account	13	70,312	93,080	163,392	148,204	(7,457)	140,747
Shareholders' funds – attributable to equity interests							
	14	70,312	93,081	163,393	148,204	(7,456)	140,748
Technical provisions							
Provision for unearned premiums		-	-	-	28,657	-	28,657
Claims outstanding – gross amount		551,891	-	551,891	757,301	-	757,301
Other technical provisions		-	-	-	-	-	-
Provisions for other risks and charges							
Deferred taxation	15	-	35,238	35,238	-	31,123	31,123
Other		-	-	-	-	-	-
Deposit received from reinsurers							
		210	-	210	2,542	-	2,542
Creditors							
Arising out of direct insurance operations		18,885	-	18,885	25,036	-	25,036
Arising out of reinsurance operations		27,301	-	27,301	34,225	-	34,225
Amounts owed to credit institutions		-	-	-	228	-	228
Other creditors including taxation and social security	16	38,735	6,509	45,244	58,418	220,594	279,012
		637,022	41,747	678,769	906,407	251,717	1,158,124
Accruals and deferred income							
		(13,084)	17,002	3,918	(9,762)	21,492	11,730
Total liabilities							
		694,250	151,830	846,080	1,044,849	265,753	1,310,602

Approved and authorised for issue by the Board of Directors on 22 August 2011
and signed on its behalf by

Director
NOMINA PLC

Company registration number 3441116

The accounting policies and notes on pages 12 to 24 form part of these Financial Statements

Nameco (No. 104) Limited

Cash flow statement for the year ended 31 December 2010

	Note	2010 £	2009 £
Operating activities			
Net cash inflow/(outflow) from operating activities	17	22,719	(116,504)
Returns on investments and servicing of finance		-	-
Capital expenditure			
Purchase of syndicate capacity		-	-
Proceeds from sale of syndicate capacity		57	979
Taxation			
Corporation and overseas taxes (paid)/refunded		(29,430)	(728)
Equity dividends paid		-	-
Financing			
Issue of shares		-	-
Share issue expenses		-	-
 Net cash inflow/(outflow) for the year	 17	 <u>(6,654)</u>	 <u>(116,253)</u>
 Cash flows were invested as follows:			
Increase/(decrease) in cash holdings	17	(6,654)	(116,253)
Purchase of financial investments		-	-
Sale of financial investments		-	-
 Net investment of cash flows		 <u>(6,654)</u>	 <u>(116,253)</u>

The Company has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the cash flow statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the syndicates at Lloyd's.

The accounting policies and notes on pages 12 to 24 form part of these Financial Statements

Nameco (No. 104) Limited

Accounting Policies for the year ended 31 December 2010

Basis of Preparation

The Financial Statements are prepared under the historical cost basis of accounting modified to include the revaluation of investments and comply with applicable Accounting Standards

The Company participates in insurance business as an underwriting member of various syndicates at Lloyd's

The Financial Statements have been prepared in accordance with Section 396(3) of the Companies Act 2006, Schedule 3 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 and the recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2005, as amended in December 2006, except that exchange differences arising on syndicate assets and liabilities are dealt with in the technical account as all of these differences arise from technical account transactions

Accounting information in respect of the syndicate participations has been provided by the Syndicate's managing agent and has been reported upon by the syndicate auditors

Going Concern

The Company is an underwriting member of Lloyd's but has ceased accepting new business and is running off its affairs in an orderly manner. The directors are of the opinion that the Company either has adequate resources or adequate resources will be made available to meet its underwriting and other operational obligations for the foreseeable future. Accordingly, the going concern concept has been adopted in preparation of the financial statements. Preparing accounts on a break up basis including a provision for future run-off expenses would not result in any material adjustment to the figures.

Basis of Accounting

The Financial Statements are prepared using the annual basis of accounting. Under the annual basis of accounting a result is determined at the end of each accounting period reflecting the profit or loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods.

Amounts reported in the general business technical account relate to movements in the period in respect of all relevant years of account of the syndicates on which the Company participates.

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the syndicates' managing agents. Accordingly, these assets and liabilities have been shown separately in the balance sheet as "Syndicate Participation". Other assets and liabilities are shown as "Corporate". The syndicate assets are held subject to trust deeds for the benefit of the syndicates' insurance creditors.

The information included in these Financial Statements in respect of the syndicates has been supplied by Managing Agents based upon the various accounting policies they have adopted. The following describes the policies they have adopted.

Nameco (No. 104) Limited

Accounting Policies for the year ended 31 December 2010

General Business

i Premiums

Premiums written comprise the total premiums receivable in respect of business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the syndicates on which the Company participates, less an allowance for cancellations. All premiums are shown gross of commission payable to intermediaries and exclude taxes and duties levied on them.

ii Unearned Premiums

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the Balance Sheet date, calculated on a time apportionment basis having regard where appropriate, to the incidence of risk. The specific basis adopted by each syndicate is determined by the relevant Managing Agent.

iii Deferred Acquisition Costs

Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

iv Reinsurance Premiums

Reinsurance premium costs are allocated by the Managing Agent of each syndicate to reflect the protection arranged in respect of the business written and earned.

v Claims Incurred and Reinsurers' Share

Claims incurred comprise claims and settlement expenses (both internal and external) occurring in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and settlement expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

The provision for claims outstanding comprises amounts set aside for claims notified and claims incurred but not yet reported (IBNR). The amount included in respect of IBNR is based on statistical techniques of estimation applied by each syndicate's in-house reserving team and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to each syndicate's reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. Each syndicate uses a number of statistical techniques to assist in making these estimates.

Accordingly the two most critical assumptions made by each syndicate's Managing Agent as regards 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 including pricing models for recent business are reasonable indicators of the likely level of ultimate claims to be incurred.

Nameco (No. 104) Limited

Accounting Policies for the year ended 31 December 2010

The level of uncertainty with regard to the estimations within these provisions generally decreases with time since the underlying contracts were exposed to new risks. In addition the nature of short tail claims such as property where claims are typically notified and settled within a short period of time will normally have less uncertainty after a few years than long tail risks such as some liability business where it may be several years before claims are fully advised and settled. In addition to these factors if there are disputes regarding coverage under policies or changes in the relevant law regarding a claim this may increase the uncertainty in the estimation of the outcomes.

The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses. The provisions for gross claims and related reinsurance recoveries have been assessed on the basis of the information currently available to the directors of each syndicate's managing agent. 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 the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

vi Unexpired Risks Provision

Provisions for unexpired risks are made where the costs of outstanding claims, related expenses and deferred acquisition costs are expected to exceed the unearned premium provision carried forward at the balance sheet date. The provision for unexpired risks is calculated separately by reference to classes of business which are managed together, after taking into account relevant investment return. The provision is made on a syndicate by syndicate basis by the relevant Managing Agent.

vii Closed Years of Account

At the end of the third year, the underwriting account is normally closed by reinsurance into the following year of account. The amount of the reinsurance to close premium payable is determined by the managing agent, generally by estimating the cost of claims notified but not settled at 31 December, together with the estimated cost of claims incurred but not reported at that date, and an estimate of future claims handling costs.

Any subsequent variation in the ultimate liabilities of the closed year of account is borne by the underwriting year into which it is reinsured.

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring syndicate was unable to meet its obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle outstanding claims.

The Directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote, and consequently the reinsurance to close has been deemed to settle the liabilities outstanding at the closure of an underwriting account. The Company has included its share of the reinsurance to close premiums payable as technical provisions at the end of the current period, and no further provision is made for any potential variation in the ultimate liability of that year of account.

viii Run-off Years of Account

Where an underwriting year of account is not closed at the end of the third year (a "run-off" year of account) a provision is made for the estimated cost of all known and unknown outstanding liabilities of that year. The provision is determined initially by the managing agent on a similar basis to the reinsurance to close. However, any subsequent variation in the ultimate liabilities for that year remains with the corporate member participating therein. As a result any run-off year will continue to report movements in its results after the third year until such time as it secures a reinsurance to close.

Nameco (No. 104) Limited

Accounting Policies for the year ended 31 December 2010

ix Net Operating Expenses (including Acquisition Costs)

Net operating costs include acquisition costs, profit and loss on exchange and other amounts incurred by the syndicates on which the Company participates

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts, are deferred to the extent that they are attributable to premiums unearned at the Balance Sheet date

x Distribution of Profits and Collection of Losses

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between syndicates and their members. Lloyd's continues to require membership of syndicates to be on an underwriting year of account basis and profits and losses belong to members according to their membership of a year of account. Normally profits and losses are transferred between the syndicate and members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into run-off. The syndicate may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd's requirements.

xi Investments

Investments are stated at current value, including accrued interest at the Balance Sheet date.

xii Investment Return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges.

Realised and unrealised gains and losses are measured by reference to the original cost of the investment if purchased in the year, or if held at the beginning of the year by reference to the current value at that date.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account to reflect the investment return on funds supporting the underwriting business.

xiii Basis of Currency Translation

Syndicates maintain separate funds in Sterling, United States dollars, Canadian dollars and Euros.

Income and expenditure in US dollars, Canadian dollars and Euros is translated at the average rate of exchange for the year. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

Assets and liabilities are translated into Sterling at the rates of exchange at the Balance Sheet date.

Differences arising on translation of foreign currency amounts in syndicates are included in the technical account.

xiv Debtors/Creditors Arising from Insurance/Reinsurance Operations

The amounts shown in the Balance Sheet include the totals of all the Syndicates outstanding debit and credit transactions as processed by the Lloyd's central facility, no account has been taken of any offsets which may be applicable in calculating the net amounts due between the Syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate.

Nameco (No. 104) Limited

Accounting Policies for the year ended 31 December 2010

Taxation

The Company is taxed on its results including its share of underwriting results declared by the syndicates and these are deemed to accrue evenly over the calendar year in which they are declared. The syndicate results included in these Financial Statements are only declared for tax purposes in the calendar year following the normal closure of the year of account. No provision is made for corporation tax in relation to open years of account. However, full provision is made for deferred tax on underwriting results not subject to current corporation tax.

HM Revenue & Customs agrees the taxable results of the syndicates at a syndicate level on the basis of computations submitted by the managing agent. At the date of the approval of these Financial Statements the syndicate taxable results of years of account closed at this and at previous year ends may not have been fully agreed with HM Revenue & Customs. Any adjustments that may be necessary to the tax provisions established by the Company, as a result of HM Revenue & Customs agreement of syndicate results, will be reflected in the Financial Statements of subsequent periods.

Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the Balance Sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax assets and liabilities have not been discounted.

Intangible Assets

Costs incurred by the Company in the Corporation of Lloyd's auctions in order to acquire rights to participate on syndicates' underwriting years are included within intangible fixed assets and amortised over a 5 year period beginning in the year following the purchase of the syndicate participation.

Cash Flow Statement

The Company has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the Cash Flow Statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from syndicates at Lloyd's.

Nameco (No. 104) Limited

Notes to the Financial Statements for the year ended 31 December 2010

1. Class of Business

2010	Gross Written Premiums £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	630	2,111	(793)	(1,342)	(236)	(260)
Motor – third party liability	47	261	144	(150)	58	313
Motor – other classes	(1,286)	(254)	(7,123)	(508)	322	(7,563)
Marine, aviation and transport	(1,164)	493	4,253	(865)	(672)	3,209
Fire and other damage to property	(1,501)	5,446	6,749	(3,552)	(1,522)	7,121
Third party liability	238	8,152	(1,631)	(3,325)	940	4,136
Credit and suretyship	461	2,603	3,940	(2,846)	(2,246)	1,451
Legal expenses	179	917	(775)	(362)	195	(25)
Assistance	-	-	-	-	-	-
Miscellaneous	29	29	(12)	(81)	5	(59)
Total direct	(2,367)	19,758	4,752	(13,031)	(3,156)	8,323
Reinsurance	(2,885)	4,155	11,296	(4,513)	(2,988)	7,950
Total	(5,252)	23,913	16,048	(17,544)	(6,144)	16,273

2009

Direct Insurance						
Accident and health	4,640	14,764	(5,910)	(6,849)	(767)	1,238
Motor – third party liability	646	1,643	(1,847)	(499)	(195)	(898)
Motor – other classes	1,319	12,845	(11,848)	(4,198)	862	(2,339)
Marine, aviation and transport	5,331	29,904	(5,519)	(10,275)	(3,409)	10,701
Fire and other damage to property	22,973	89,736	(41,395)	(33,503)	(4,892)	9,946
Third party liability	19,235	67,410	(32,688)	(25,066)	365	10,021
Credit and suretyship	1,066	3,623	(5,736)	(908)	376	(2,645)
Legal expenses	46	393	(163)	(185)	(1)	44
Assistance	-	-	-	-	-	-
Miscellaneous	(1)	521	(206)	(239)	-	76
Total direct	55,255	220,839	(105,312)	(81,722)	(7,661)	26,144
Reinsurance	23,763	91,759	(39,430)	(34,101)	(3,923)	14,305
Total	79,018	312,598	(144,742)	(115,823)	(11,584)	40,449

Nameco (No. 104) Limited

Notes to the Financial Statements for the year ended 31 December 2010

2. Geographical Analysis	2010	2009
	£	£
Direct Gross Premium Written in:		
United Kingdom	(3,988)	55,255
Other EU Member States	259	-
Rest of the World	1,362	-
	<u>(2,367)</u>	<u>55,255</u>
3. Net Operating Expenses	2010	2009
	£	£
Acquisition costs	(1,630)	21,447
Change in deferred acquisition costs	9,708	55,770
Administrative expenses	15,841	29,117
Loss/(Profit) on exchange	(6,375)	9,489
	<u>17,544</u>	<u>115,823</u>
4. Investment Income	2010	2009
	£	£
Income from investments	15,381	22,306
Gains on the realisation of investments	3,758	9,698
Bank deposit interest	118	2,124
	<u>19,257</u>	<u>34,128</u>
5. Investment Expenses and Charges	2010	2009
	£	£
Investment management expenses, including interest	941	1,219
Losses on the realisation of investments	3,431	7,372
	<u>4,372</u>	<u>8,591</u>
6. Profit/(Loss) on Ordinary Activities before Taxation	2010	2009
	£	£
This is stated after charging		
Directors remuneration	-	-
Amortisation of syndicate capacity	-	979
Interest on bank loan and overdrafts	-	-
Interest on other loans	-	-
The Company has no employees		

The auditors, Littlejohn LLP, charge a fixed fee to Nomina PLC for the provision of the audit of the company. This fee is included within the service fee charged to the company by Nomina PLC and equates to approximately £95 (2009 £95)

Nameco (No. 104) Limited

Notes to the Financial Statements for the year ended 31 December 2010

7. Taxation

	2010 £	2009 £
Analysis of Charge in Period		
Current tax		
UK corporation tax on profit/(loss) of the period	25,609	31,427
Adjustment in respect of previous period	(23,731)	-
	1,878	31,427
Foreign tax	873	728
Total current tax	2,751	32,155
Deferred tax		
Origination and reversal of timing differences	2,477	(11,513)
Change in tax rate	1,638	2,132
	6,866	22,774

Factors affecting tax charge for period

The tax assessed for the period is different to the standard rate of corporation tax in the UK of 28.00% (2009 21.00%). The differences are explained below

Profit/(loss) on ordinary activities before tax	29,511	65,165
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.00% (2009 21.00%)	8,263	13,685
Effects of		
Underwriting results subject to timing differences for taxation	16,661	11,734
Utilisation of tax losses	-	(4,725)
Foreign tax	628	575
Other corporation computation adjustments	928	3,068
Marginal rates of taxation and prior period adjustment	(23,729)	7,818
Current tax charge for the period	2,751	32,155

The results of the Company's participation on the 2008, 2009 and 2010 years of account and the calendar year movement on 2007 and prior run-offs, will not be assessed to tax until the year ended 31 December 2011, 2012 and 2013 respectively being the year after the calendar year result of each run-off year or the normal date of closure of each year of account

8. Dividends

	2010 £	2009 £
Equity dividends declared and paid	-	-

Nameco (No. 104) Limited

Notes to the Financial Statements for the year ended 31 December 2010

9. Intangible Assets	2010	2009
	£	£
Purchased syndicate capacity		
Cost		
At 01 January 2010	-	-
Additions	-	-
Disposals	-	-
At 31 December 2010	-	-
Amortisation		
At 01 January 2010	-	(979)
Provided during the year	-	979
Disposals	-	-
At 31 December 2010	-	-
Net Book Value		
At 31 December 2010	-	-
At 31 December 2009	-	979

Nameco (No. 104) Limited

Notes to the Financial Statements for the year ended 31 December 2010

10. Investments

Other Financial Investments - Syndicate

	2010		2009	
	Market Value £	Cost £	Market Value £	Cost £
Shares and other variable yield securities and units in unit trusts	44,409	39,303	64,018	62,432
Debt securities and other fixed income securities	366,604	367,692	540,934	537,774
Participation in investment pools	25,152	23,807	25,061	22,800
Loans secured by mortgages	2,344	2,365	747	805
Other loans	3,771	3,771	16	16
Deposits with credit institutions	4,226	4,226	10,487	10,398
Other	29	29	260	270
	<u>446,535</u>	<u>441,193</u>	<u>641,523</u>	<u>634,495</u>
Listed investments included within the above	436,165	430,802	630,013	623,006

Other Financial Investments - Corporate

Shares and other variable yield securities	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Listed investments included within the above	-	-	-	-

11. Other Debtors

	2010			2009		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Amounts due from group undertakings	-	-	-	-	-	-
Funds at Lloyd's	-	-	-	-	51,592	51,592
Other	27,301	150,729	178,030	33,747	206,406	240,153
	<u>27,301</u>	<u>150,729</u>	<u>178,030</u>	<u>33,747</u>	<u>257,998</u>	<u>291,745</u>

Funds at Lloyd's represents assets deposited with the Corporation of Lloyd's (Lloyd's) to support the Company's underwriting activities as described in the Accounting Policies. The Company has entered into a Lloyd's Deposit Trust Deed which gives the Corporation the right to apply these monies in settlement of any claims arising from the participation on the syndicates. These monies can only be released from the provision of this Deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset, or after the expiration of the Company's liabilities in respect of its underwriting.

Included within debtors is an amount of £2,371 (2009 £Nil) due from the major shareholder of the Company. This amount is to be settled in 2011.

Nameco (No. 104) Limited

Notes to the Financial Statements for the year ended 31 December 2010

12. Called-up Share Capital

	2010 Allotted, called-up and fully paid	2009 Allotted, called-up and fully paid
Ordinary £1 shares	1	1

13. Profit and Loss Account

	2010		2009	
	Syndicate Participation £	Corporate £	Total £	Total £
Retained profit/(loss) brought forward	148,204	(7,457)	140,747	98,356
Reallocate distribution	(113,992)	113,992	-	-
Profit/(loss) for the financial year	36,100	(13,455)	22,645	42,391
Equity dividends	-	-	-	-
Retained profit/(loss) carried forward	70,312	93,080	163,392	140,747

14. Reconciliation of Movements in Shareholders' Funds

	2010 £	2009 £
Opening shareholders funds	140,748	98,357
Profit/(loss) for the financial year	22,645	42,391
Equity dividends	-	-
Proceeds from issue of shares	-	-
Closing shareholders' funds	163,393	140,748

15. Deferred Taxation

	2010 £	2009 £
Opening balance	31,123	40,504
Profit and loss account charge	4,115	(9,381)
Closing balance	35,238	31,123

The deferred tax balance consists of timing differences relating to the taxation of underwriting results

Nameco (No. 104) Limited

Notes to the Financial Statements for the year ended 31 December 2010

16. Other Creditors including Taxation and Social Security

	2010			2009		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Corporation tax	-	4,748	4,748	-	31,427	31,427
Proprietors' loan accounts	-	-	-	-	183,030	183,030
Amount due to parent undertaking	-	-	-	-	-	-
Other creditors	38,735	1,761	40,496	58,418	6,137	64,555
Amount due to group undertakings	-	-	-	-	-	-
	<u>38,735</u>	<u>6,509</u>	<u>45,244</u>	<u>58,418</u>	<u>220,594</u>	<u>279,012</u>

The proprietors' loan account is due personally to the ultimate owner of the company and not to any previous owners or to the holding company

17. (a) Reconciliation of Operating Profit to Net Cash Inflow/(Outflow) from Operating Activities

	2010 £	2009 £
Profit or loss on ordinary activities before tax	29,511	65,165
(Profit)/loss attributable to syndicate transactions	77,892	70,016
Profit or loss – excluding syndicate transactions	<u>107,403</u>	<u>135,181</u>
(Increase)/decrease in debtors	107,269	(199,990)
Increase/(decrease) in creditors	(191,896)	(51,695)
(Profit)/loss on disposal of intangible assets	(57)	-
Amortisation of syndicate capacity	-	-
Impairment of syndicate capacity	-	-
Realised/unrealised (gains)/losses on investments	-	-
Net cash inflow/(outflow) from operating activities	<u>22,719</u>	<u>(116,504)</u>

(b) Movement in Cash, Portfolio Investments and Financing

	At 1 January 2010 £	Cashflow £	Changes to Market Value £	At 31 December 2010 £
Cash	7,755	(6,654)	-	1,101
Other financial investments	-	-	-	-
	<u>7,755</u>	<u>(6,654)</u>	<u>-</u>	<u>1,101</u>

Nameco (No. 104) Limited

Notes to the Financial Statements for the year ended 31 December 2010

18. Related Party Disclosure

Nomina plc, a director of the company, provides administration services to the company. Nomina plc charged a management fee of £2,625 (2009 £2,625) to cover all the costs of basic administration of the company.

19. Ultimate Controlling Party

The Company is controlled by SD Underwriting Limited.

20. Syndicate run-off years of account

The Company participates on a number of years which have not been closed at their normal date.

Whilst the Directors consider the technical provision for outstanding claims is the best estimate that can be made on the basis of information currently available, the estimate is subject to change. Accordingly the determination of the underwriting result for the year and any related provisions for run-off years of account losses is fundamentally uncertain and the eventual result might be higher or lower.

21. Syndicate Participation

The principal syndicates or members' agent pooling arrangements ("MAPA") in which the Company participates as an underwriting member are as follows:

Syndicate or MAPA Number:	Managing Agent	2010 Allocated Capacity £	2009 Allocated Capacity £	2008 Allocated capacity £	2007 Allocated Capacity £
727	S A Meacock & Company Limited	-	-	20,000	20,000
807	R J Kiln & Co Limited	-	-	26,998	26,998
958	Omega Underwriting Agents Limited	-	-	9,577	-
1200	Argo Managing Agency Limited	-	-	32,994	15,000
2010	Cathedral Underwriting Limited	-	-	37,490	37,490
2791	Managing Agency Partners Limited	-	-	36,828	42,351
3245	Argo Managing Agency Limited	-	-	-	15,249
4040	HCC Underwriting Agency Ltd	-	-	15,000	15,000
6103	Managing Agency Partners Limited	-	-	14,245	14,245
7200	Members' Agents Pooling Arrangement	-	-	43,505	46,689
7201	Members' Agents Pooling Arrangement	-	-	230,754	247,723
7202	Members' Agents Pooling Arrangement	-	-	83,403	89,077
7203	Members' Agents Pooling Arrangement	-	-	13,197	14,214