

Company registration number: 3592542

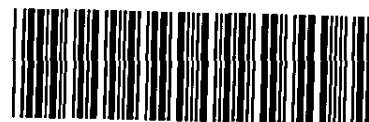
Upton Underwriting Limited

Report and financial statements 31 December 2009

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Upton Underwriting Limited

Company information

Director

Mr J E Upton

Company Secretary

Argenta Secretariat Limited

Registered Office

Fountain House
130 Fenchurch Street
London EC3M 5DJ

Auditors

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

Accountants

Charles Taylor Insurance Services Limited
Lloyds Chambers
1 Portsoken Street
London E1 8DF

Upton Underwriting Limited

Report of the Director

The Director submits his Report together with the audited financial statements of the Company for the year ended 31 December 2009

Principal Activities and Business Review

The principal activity of the Company is that of trading as a Lloyd's corporate capital member. The Company continues to underwrite for the 2010 year of account.

The financial statements incorporate the annual accounting results of the syndicates on which the Company participates for the 2007, 2008 and 2009 years of account, as well as any 2006 and prior run-off years. The 2007 year closed at 31 December 2009 with a result of £342,172 (2006 - £515,090). The 2008 and 2009 open underwriting account will normally close at 31 December 2010 and 2011.

Results and Dividends

The results for the year are set out on pages 6 to 7 of the financial statements. Dividends totalling £- were paid in the year (2008 - £-).

Financial Risk Management Objectives and Policies

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

Hedge accounting is not used by the Company.

Key Performance Indicators

The director monitors the performance of the Company by reference to the following key performance indicators:

	2009	2008
Capacity (youngest underwriting year)	£ 2,249,226	£ 2,217,494
Gross premium written as a % of capacity	117.4%	100.9%
Underwriting profit of latest closed year		
as a % of capacity	15.5%	20.5%
Run-off years of account movement	£ (2,129)	£ 12,582
Combined ratio	83.4%	99.0%

The combined ratio is the ratio of net claims incurred, commissions and expenses to net premiums earned.

Directors

The Director who served at any time during the year was as follows:

Mr J E Upton

Upton Underwriting Limited

Report of the Director (continued)

Statement of Director's Responsibilities

The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the Director to prepare financial statements for each financial period. Under that law the Director has 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 Director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Director is required to

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

The Director is 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. He is 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

Auditors

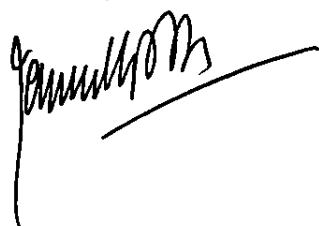
Mazars LLP have signified their willingness to act and continue to be appointed as the Company's auditors

In the case of each person who is a Director at the time this report is approved, the following applies:

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

Approved by the Board on 17th June 2010
and signed on its behalf by

J E UPTON
Director



Upton Underwriting Limited

Independent Auditors' report

Independent auditors' report to the member of Upton Underwriting Limited

We have audited the financial statements of Upton Underwriting Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the 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 the director and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is 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 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, including our opinion, has been prepared for and only for the company's member 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 member 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 member 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/UKNP.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit/(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 the other matter prescribed by the Companies Act 2006

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

Upton Underwriting Limited

Independent Auditors' report (continued)

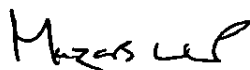
Matters on which we are required to report by exception

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

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

~~Markham Grice (Senior statutory auditor)~~

for and on behalf of Mazars LLP, Chartered Accountants (Statutory auditor)



~~Mazars LLP, Chartered Accountants (Statutory auditor)~~

Markham Grice (Senior statutory auditor)

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

22 June 2010

Upton Underwriting Limited

Profit and loss account Technical account – general business For the year ended 31 December 2009

	Note	2009 £	2008 £
Premiums written			
Gross premiums written	1	2,641,491	2,238,535
Outward reinsurance premiums	1	(406,802)	(345,939)
Net premiums written		<u>2,234,689</u>	<u>1,892,596</u>
Change in the provision for unearned premiums			
Gross provision	1	(446)	(56,698)
Reinsurers' share	1	11,528	10,163
Earned premiums, net of reinsurance		<u>2,245,771</u>	<u>1,846,061</u>
Allocated investment return transferred from the non-technical account		120,567	98,464
Other technical income, net of reinsurance		8,634	(1,301)
Claims paid			
Gross amount	1	(1,403,725)	(1,379,264)
Reinsurers' share	1	221,899	239,872
Net claims paid		<u>(1,181,826)</u>	<u>(1,139,392)</u>
Change in provision for claims			
Gross amount	1	134,084	(55,005)
Reinsurers' share	1	(79,849)	37,800
Change in net provision for claims		<u>54,235</u>	<u>(17,205)</u>
Claims incurred, net of reinsurance		<u>(1,127,591)</u>	<u>(1,156,597)</u>
Changes in other technical provisions, net of reinsurance		-	-
Net operating expenses	1, 2	(745,588)	(670,382)
Other technical charges, net of reinsurance		<u>-</u>	<u>-</u>
Balance on the technical account for general business		<u>501,793</u>	<u>116,245</u>

The accounting policies and notes on pages 11 to 22 form part of these Financial Statements

Upton Underwriting Limited

Profit and loss account

Non - technical account

For the year ended 31 December 2009

	Note	2009 £	2008 £
Balance on technical account for general business		501,793	116,245
Investment income	3	169,728	238,459
Unrealised gains on investments		68,378	43,055
Investment expenses and charges	4	(59,977)	(79,437)
Unrealised losses on investments		(34,627)	(129,787)
Allocated investment return transferred to the general business technical account		(120,567)	(98,464)
Other income		53,741	6,500
Other charges		(156,495)	147,420
Profit/(loss) on ordinary activities before taxation	5	421,974	243,991
Tax on profit/(loss) on ordinary activities	6	(92,548)	(706)
Profit/(loss) for the financial year	13	329,426	243,285

The Company has no recognised gains or losses other than the profit or loss for the period

All amounts relate to continuing operations

In accordance with the amendment to the Financial Reporting Standard 3 "Reporting Financial Performance", the inclusion of unrealised gains and losses in the profit and loss account to reflect the marking to market of investments in the balance sheet is deemed not to be a material departure from the historical cost basis of accounting. Accordingly, a separate note of historical cost profits and losses is not given.

The accounting policies and notes on pages 11 to 22 form part of these Financial Statements

Upton Underwriting Limited

Balance sheet

As at 31 December 2009

		31 December 2009			31 December 2008		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Assets							
Intangible assets	8	-	59,005	59,005	-	7,171	7,171
Investments							
Financial investments	9	2,637,861	75,933	2,713,794	3,593,425	61,995	3,655,420
Deposits with ceding undertakings		1,161	-	1,161	2,205	-	2,205
		2,639,022	75,933	2,714,955	3,595,630	61,995	3,657,625
Reinsurers' share of technical provisions							
Provision for unearned premiums		107,386	-	107,386	95,198	-	95,198
Claims outstanding		589,899	-	589,899	1,019,969	-	1,019,969
Other technical provisions		-	-	-	-	-	-
		697,285	-	697,285	1,115,167	-	1,115,167
Debtors							
Arising out of direct insurance operations		560,572	-	560,572	575,549	-	575,549
Arising out of reinsurance operations		554,512	-	554,512	723,644	-	723,644
Other debtors	10	360,287	-	360,287	214,120	287	214,407
		1,475,371	-	1,475,371	1,513,313	287	1,513,600
Other assets							
Cash at bank and in hand		110,124	192,007	302,131	286,758	27,680	314,438
Other		218,250	-	218,250	240,470	-	240,470
		328,374	192,007	520,381	527,228	27,680	554,908
Prepayments and accrued income							
Accrued interest		12,756	-	12,756	14,852	-	14,852
Deferred acquisitions costs		253,672	-	253,672	254,152	-	254,152
Other prepayments and accrued income		11,267	-	11,267	11,905	-	11,905
		277,695	-	277,695	280,909	-	280,909
Total assets		5,417,747	326,945	5,744,692	7,032,247	97,133	7,129,380

The accounting policies and notes on pages 11 to 22 form part of these Financial Statements

Upton Underwriting Limited

Balance sheet As at 31 December 2009

		31 December 2009			31 December 2008		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Liabilities and shareholders' funds							
Capital and reserves							
Called up share capital	12	-	100	100	-	100	100
Share premium account		-	-	-	-	-	-
Profit and loss account	13	611,142	(254,837)	356,305	836,323	(809,444)	26,879
Shareholders' funds – attributable to equity interests							
	14	611,142	(254,737)	356,405	836,323	(809,344)	26,979
Technical provisions							
Provision for unearned premiums		1,021,669	-	1,021,669	1,039,822	-	1,039,822
Claims outstanding – gross amount		3,194,872	-	3,194,872	4,759,631	-	4,759,631
Other technical provisions		-	-	-	-	-	-
Provisions for other risks and charges							
Deferred taxation	15	-	91,368	91,368	-	-	-
Other		-	-	-	365	-	365
Deposit received from reinsurers		14,330	-	14,330	17,225	-	17,225
Creditors							
Arising out of direct insurance operations		145,691	-	145,691	126,387	-	126,387
Arising out of reinsurance operations		210,511	-	210,511	268,433	-	268,433
Amounts owed to credit institutions		149	-	149	429	-	429
Other creditors including taxation and social security	16	241,662	433,777	675,439	261,952	619,449	881,401
		4,828,884	525,145	5,354,029	6,474,244	619,449	7,093,693
Accruals and deferred income		(22,279)	56,537	34,258	(278,320)	287,028	8,708
Total liabilities		5,417,747	326,945	5,744,692	7,032,247	97,133	7,129,380

Approved and authorised for issue by the Board of Directors on 17th June 2010
and signed on its behalf by

Director
J E UPTON

Company registration number 3592542

The accounting policies and notes on pages 11 to 22 form part of these Financial Statements

Upton Underwriting Limited

Cash flow statement For the year ended 31 December 2009

	Note	2009 £	2008 £
Operating activities			
Net cash inflow/(outflow) from operating activities	17(a)	168,224	7,674
Returns on investments and servicing of finance		-	-
Capital expenditure			
Purchase of syndicate capacity		(58,000)	(370)
Proceeds from sale of syndicate capacity		57,398	-
Taxation			
Corporation and overseas taxes (paid)/refunded		(1,179)	(706)
Equity dividends paid		-	-
Financing			
Issue of shares		-	-
Share issue expenses		-	-
Net cash inflow/(outflow) for the year	17(b)	<u>166,443</u>	<u>6,598</u>
Cash flows were invested as follows:			
Increase/(decrease) in cash holdings		164,327	24,057
Purchase of financial investments		2,116	1,480
Sale of financial investments		-	(18,939)
Net investment of cash flows	17(b)	<u>166,443</u>	<u>6,598</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 11 to 22 form part of these Financial Statements.

Upton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2009

Basis of preparation of financial statements

Basis of preparation

The financial statements have been prepared in accordance with the provisions of Schedule 3 to SI 2008/410 and with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers ("the ABI SORP") in December 2005 (as amended in December 2006)

Recognition of insurance transactions

Preparing financial statements in accordance with SI 2008/410 requires the Company to recognise its proportion of all the transactions undertaken by the Lloyd's syndicates in which it participates ("the Syndicates")

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 and loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods.

For each such Syndicate, the Company's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the Company's profit and loss account. Similarly, its proportion of the Syndicate's assets and liabilities has been reflected in its balance sheet (under the column heading "Syndicate"). The Syndicate's assets are held subject to trust deeds for the benefit of the Company's insurance creditors.

The proportion referred to above is calculated by reference to the Company's participation as a percentage of the Syndicate's total capacity.

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate ("the Managing Agent") and it has further undertaken not to interfere with the exercise of such management and control. The Managing Agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised by the Company. The only exception to this rule is the level of provision for outstanding claims.

Sources of data

The information used to compile the technical account and the "Syndicate" balance sheet is based on returns prepared for this purpose by the Managing Agents of the Syndicates ("the Returns"). These Returns have been subjected to audit by the Syndicate auditors and are based on the audited Syndicate returns to Lloyd's and the audited annual reports to Syndicate members.

The format of the Returns has been established by Lloyd's and Lloyd's has also been responsible for collating the data at a Syndicate level and analysing it into corporate member level results.

Upton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2009

Accounting policies

i Accounting convention

The financial statements are prepared in accordance with appropriate accounting standards and under the historical cost convention as modified by the revaluation of financial investments

ii Going concern

These financial statements have been prepared on a going concern basis

iii Premiums

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax. Gross premiums written may include "reinsurance to close" premiums receivable (see (vii) below). Outward reinsurance premiums may include "reinsurance to close" premiums payable (see (vii) below). Premiums written by a Syndicate may also include the reinsurance of other syndicates on which the Company participates. No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' claims) to remove this intersyndicate reinsurance. Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

iv Claims incurred

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

v Provision for claims outstanding

Claims outstanding comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR). Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision is based on the Returns and reports from the Managing Agents and the Company's licensed adviser or Members' Agent. When appropriate, statistical methods have been applied to past experience of claims frequency and severity.

The two most critical assumptions as regard claims provisions are that the past is a reasonable predictor of the likely level of claims development, and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred. The director considers the provision for gross claims and related reinsurance recoveries, as based on the Returns to be fairly stated. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made.

vi Unexpired risk provision

A provision for unexpired risk is made by the underlying Syndicates where claims, related expenses and deferred acquisition costs, likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

Upton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2009

Accounting policies (continued)

vii Reinsurance to close

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's Syndicates. Under it, underwriting members (the reinsured members) who are members of a Syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another syndicate for a later year of account (the reinsuring members) that the reinsuring members will indemnify, discharge or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that Syndicate and allocated to the closed year in consideration of (1) a premium, and (2) either

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

Where the reinsurance to close is between members on successive years of account of the same Syndicate, the Managing Agent has a duty to ensure both sets of members are treated equitably and to set the reinsurance to close with the intention that neither a profit nor a loss accrues to either group of members. To the extent that the Company participates on successive years of account of the same syndicate and there is a reinsurance to close between those years, the Company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

If the Company has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the Company has assumed a greater proportion of the business of the Syndicate. If the Company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the Company's exposure to risks previously written by the Syndicate. The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims. However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a Syndicate year of account and it is treated for accounts purposes as settling all the Company's outstanding gross liabilities in respect of the business so reinsured.

viii Investments

Syndicate Where investments represent the Company's share of syndicate investments, they are stated at current value at the balance sheet date. For this purpose, listed investments are stated at market value and deposits with credit institutions and overseas deposits are stated at cost. Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date.

Corporate Listed investments held directly by the Company, by the trustees of the Premiums Trust Fund, or as Lloyd's Deposit, are stated at market value. Unlisted investments held directly by the Company are stated at cost less provision for any permanent diminution in value.

Upton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2009

Accounting policies (continued)

ix Investment return

Investment income comprises interest receivable and dividends received plus realised and unrealised gains on the disposal of investments. Realised gains and losses arise from the difference between proceeds and valuation at the previous year end, or cost if there has been no previous revaluation. Unrealised investment gains and losses are calculated as the difference between the valuation at the balance sheet date and the valuation at the last balance sheet date or purchase price, if acquired during the year. Investment income is initially recorded in the non-technical account. All investment income arising on Syndicate participations is allocated to the technical account.

x Net operating expenses

Operating expenses are recognised when incurred. They include the Company's share of Syndicate operating expenses, the remuneration payable to Managing Agents (and the Company's Members' Agent/licensed adviser) and the direct costs of membership of Lloyd's.

xi Foreign currencies

Transactions in United States dollars, Canadian dollars and Euros are translated at the rates of exchange ruling at the date the transaction is processed or at an appropriate average rate. Unless otherwise stated, transactions in currencies other than United States dollars, Canadian dollars and Euros are translated at the rate of exchange ruling at the date the transaction is processed. Monetary assets and liabilities are retranslated into Sterling at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities at the balance sheet date are maintained at the rate of exchange ruling when the contract was entered into (or an appropriate average rate). Exchange differences arising on translation are dealt with in the profit and loss account.

xii Syndicate participation rights

Where the Company has purchased the right to participate on Syndicates, the cost is capitalised and amortised in equal annual instalments over five years.

xiii Taxation

The Company is taxed on its share of the underwriting results declared by 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 (excluding any losses on open years of account) are only declared for tax purposes in the calendar year following closure of the year of account. HM Revenue & Customs agrees the taxable results of Syndicates at a Syndicate level on the basis of computations submitted by the Managing Agent. At the date of approval of these financial statements, the Syndicate taxable results of this year have not been agreed. Any adjustments that may be necessary to the tax provision as a result of HM Revenue & Customs agreement of Syndicate taxable results will be reflected in the financial statements of subsequent periods.

xiv Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Upton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2009

1. Class of Business

2009	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	133,506	108,285	(48,872)	(49,444)	(4,515)	5,454
Motor – third party liability	5,116	5,874	(3,737)	(1,486)	(520)	131
Motor – other classes	261,606	244,182	(193,033)	(63,584)	(1,010)	(13,445)
Marine, aviation and transport	315,102	315,811	(134,914)	(88,693)	(30,298)	61,906
Fire and other damage to property	604,116	601,438	(297,299)	(192,145)	(62,422)	49,572
Third party liability	332,193	328,467	(142,855)	(112,632)	(13,023)	59,957
Credit and suretyship	28,442	31,735	(47,956)	(8,894)	3,127	(21,988)
Legal expenses	1,650	1,400	(693)	(465)	(12)	230
Assistance	-	-	-	-	-	-
Miscellaneous	14,273	13,593	(5,767)	(5,124)	-	2,702
	1,696,004	1,650,785	(875,126)	(522,467)	(108,673)	144,519
Reinsurance	945,487	990,260	(394,515)	(223,121)	(144,551)	228,073
Total	2,641,491	2,641,045	(1,269,641)	(745,588)	(253,224)	372,592
2008						
Direct Insurance						
Accident and health	77,607	67,092	(22,889)	(39,040)	(607)	4,556
Motor – third party liability	5,292	6,705	(5,654)	(2,614)	(140)	(1,703)
Motor – other classes	232,185	244,077	(179,773)	(95,813)	1,577	(29,932)
Marine, aviation and transport	280,149	270,843	(226,084)	(86,809)	19,164	(22,886)
Fire and other damage to property	519,489	497,503	(354,757)	(183,044)	(17,493)	(57,791)
Third party liability	313,272	315,653	(177,865)	(104,443)	2,362	35,707
Credit and suretyship	29,465	26,613	(7,990)	(11,255)	(3,292)	4,076
Legal expenses	1,477	1,297	(923)	(271)	(223)	(120)
Assistance	-	-	-	-	-	-
Miscellaneous	12,019	10,724	(4,255)	(6,539)	-	(70)
	1,470,955	1,440,507	(980,190)	(529,828)	1,348	(68,163)
Reinsurance	767,580	741,330	(454,079)	(140,554)	(59,452)	87,245
Total	2,238,535	2,181,837	(1,434,269)	(670,382)	(58,104)	19,082

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

Upton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2009

2. Net Operating Expenses	2009	2008
	£	£
Acquisition costs	595,985	526,967
Change in deferred acquisition costs	(1,937)	(21,334)
Administrative expenses	88,933	80,865
Reinsurance commissions and profit participations	(34,014)	(23,187)
Personal expenses	96,621	107,071
	745,588	670,382
3. Investment Income	2009	2008
	£	£
Income from investments	95,032	141,323
Gains on the realisation of investments	72,003	93,082
Bank deposit interest	2,693	4,054
	169,728	238,459
4. Investment Expenses and Charges	2009	2008
	£	£
Investment management expenses, including interest	3,524	3,094
Losses on the realisation of investments	56,453	76,343
	59,977	79,437
5. Profit/(Loss) on Ordinary Activities before Taxation	2009	2008
	£	£
Operating profit/(loss) is stated after charging		
Director's remuneration	-	-
Amortisation of syndicate capacity	2,509	11,450
(Profit)/loss on disposal of intangible fixed assets	(53,741)	-
(Profit)/loss on exchange	73,324	(239,316)
The Company has no employees and no staff costs are met by the Company		
The fees payable to the Company's auditor for audit services are included in the fees payable to the Members' Agent		

Upton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2009

6. Taxation

	2009 £	2008 £
Analysis of charge in period		
Current tax		
UK corporation tax on profit/(loss) of the period	-	-
Adjustment in respect of previous period	-	-
	-	-
Foreign tax	1,180	706
Total current tax	1,180	706
Deferred tax		
Origination and reversal of timing differences	91,368	-
	92,548	706

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 21.00% (2008 - 20.75%) The differences are explained below

Profit/(loss) on ordinary activities before tax	421,974	243,991
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.00% (2008 – 20.75%)	88,615	50,628
Effects of		
Underwriting results subject to timing differences for taxation	46,471	(22,415)
Utilisation of tax losses	(134,467)	-
Foreign tax	932	561
Expenses not deductible for tax purposes	-	(62,517)
Other corporation computation adjustments	(371)	-
Marginal rates of taxation and prior period adjustment	-	34,449
Current tax charge for the period	1,180	706

The results of the Company's participation on the 2007, 2008 and 2009 years of account and any calendar year movement on 2006 and prior run-offs, will not be assessed to tax until the year ended 31 December 2010, 2011 and 2012 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

7. Dividends

	2009 £	2008 £
Amounts recognised as distributions to equity holders in the period:		
Interim dividends paid	-	-

Upton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2009

8. Intangible Assets	2009	2008
	£	£
Purchased syndicate capacity		
Cost		
At 1 January 2009	93,788	93,418
Additions	58,000	370
Disposals	(14,345)	-
At 31 December 2009	<u>137,443</u>	<u>93,788</u>
Amortisation		
At 1 January 2009	86,617	75,167
Provided during the year	2,509	11,450
Disposals	(10,688)	-
At 31 December 2009	<u>78,438</u>	<u>86,617</u>
Net Book Value		
At 31 December 2009	59,005	7,171
At 31 December 2008	<u>7,171</u>	<u>18,251</u>

9. Financial Investments

Other financial investments - Syndicate

	2009	2009	2008	2008
	Market	Cost	Market	Cost
	Value	£	Value	£
	£		£	
Shares and other variable yield securities and units in unit trusts	313,522	307,494	480,699	505,896
Debt securities and other fixed income securities	2,229,303	2,222,970	2,943,314	2,962,824
Participation in investment pools	58,171	53,482	67,643	73,534
Loans secured by mortgages	15,533	15,649	22,899	26,389
Other loans	84	84	10,100	10,086
Deposits with credit institutions	17,773	17,773	63,187	63,326
Other	3,475	3,975	5,583	9,901
	<u>2,637,861</u>	<u>2,621,427</u>	<u>3,593,425</u>	<u>3,651,956</u>

Listed investments included in the market value above

Shares and other variable yield securities and units in unit trusts	313,522	480,699
Debt securities and other fixed income securities	2,229,303	2,943,314
	<u>2,542,825</u>	<u>3,424,013</u>

Upton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2009

10. Other Debtors

	2009			2008		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Amounts due from group undertakings	-	-	-	-	-	-
Other	360,287	-	360,287	214,120	287	214,407
	<u>360,287</u>	<u>-</u>	<u>360,287</u>	<u>214,120</u>	<u>287</u>	<u>214,407</u>

11. Funds at Lloyd's

The amount of Funds at Lloyd's is represented in the balance sheet as

	2009			2008		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Cash	-	261	261	-	18,899	18,899
Investments	-	75,933	75,933	-	61,995	61,995
	<u>-</u>	<u>76,194</u>	<u>76,194</u>	<u>-</u>	<u>80,894</u>	<u>80,894</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.

12. Called-up Share Capital

	2009 Authorised	2009 Allotted, called-up and fully paid	2008 Authorised	2008 Allotted, called-up and fully paid
Ordinary £1 shares	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Upton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2009

13. Profit and Loss Account

	2009			2008		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Retained profit/(loss) brought forward	836,323	(809,444)	26,879	443,258	(659,664)	(216,406)
Reallocate distribution	(674,044)	674,044	-	(24,468)	24,468	-
Profit/(loss) for the financial year	448,863	(119,437)	329,426	417,533	(174,248)	243,285
Equity dividends	-	-	-	-	-	-
Retained profit/(loss) carried forward	611,142	(254,837)	356,305	836,323	(809,444)	26,879

14. Reconciliation of Movements in Shareholders' Funds

	2009 £	2008 £
Opening shareholders' funds	26,979	(216,306)
Profit/(loss) for the financial year	329,426	243,285
Equity dividends	-	-
Proceeds from issue of shares	-	-
Closing shareholders' funds	356,405	26,979

15. Provision for Other Risks and Charges

Deferred Taxation	2009 £	2008 £
Opening balance	-	-
Profit and loss account charge	91,368	-
Closing balance	91,368	-

Upton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2009

16. Other Creditors including Taxation and Social Security

	2009			2008		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Corporation tax	-	-	-	-	-	-
Director's loan accounts	-	108,059	108,059	-	151,822	151,822
Third party funds	-	323,589	323,589	-	467,627	467,627
Other creditors	241,662	2,129	243,791	261,952	-	261,952
Amount due to group undertakings	-	-	-	-	-	-
	241,662	433,777	675,439	261,952	619,449	881,401

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

	2009 £	2008 £
Profit/(loss) on ordinary activities before tax	421,974	243,991
(Profit)/loss attributable to syndicate transactions	225,181	(393,065)
Profit/(loss) – excluding syndicate transactions	647,155	(149,074)
(Increase)/decrease in debtors	287	177,047
Increase/(decrease) in creditors	(416,163)	(66,172)
(Profit)/loss on disposal of intangible assets	(53,741)	-
Amortisation of syndicate capacity	2,509	11,450
Impairment of syndicate capacity	-	-
Realised/unrealised (gains)/losses on investments	(11,823)	34,423
Net cash inflow/(outflow) from operating activities	168,224	7,674

(b) Movement in Cash, Portfolio Investments and Financing

	At 1 January 2009 £	Cashflow £	Changes to Market Value £	At 31 December 2009 £
Cash	27,680	164,327	-	192,007
Other financial investments	61,995	2,115	11,823	75,933
	89,675	166,442	11,823	267,940

Upton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2009

18. Related Party Disclosure

The Company's underwriting is supported by the assets of, or guarantees made inter-available to it, by Mr J E Upton

19. Ultimate Controlling Party

The Company is controlled by Mr J E Upton who holds 85% of the issued £100 ordinary share capital