

GULF UNDERWRITING LIMITED

(Registered Number 3780599)

DIRECTORS' REPORT AND ACCOUNTS

31 December 2011



GULF UNDERWRITING LIMITED
Registered Number 3780599

REPORT AND ACCOUNTS

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GULF UNDERWRITING LIMITED
Registered Number 3780599

DIRECTORS' REPORT

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2011

Principal Activity and Business Review

The principal activity of the Company has been that of a dedicated corporate member of Lloyd's, providing underwriting capacity solely on Syndicate 205 for the underwriting years 2000 to 2002 inclusive. The 2000, 2001 and 2002 years of account of Syndicate 205 were closed by reinsurance as at 31 December 2007.

As a corporate member of Lloyd's the Company is required to remain in existence until all the liabilities for the years it participated on Syndicate 205 are paid. At some stage in the future it is the intention of the directors to seek a buyer for the Company outside the Travelers Group.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company are as follows

Operational Risk

This is the risk of loss to the Company resulting from people, processes, systems or from external events. There can be considerable overlap with the other risk classes and the Company seeks to manage this risk through various processes, policies and procedures.

Group Risk

This relates to the potential impact of risks arising in other parts of the Travelers Group. The main sources of risk arise from the Company being impacted by reputational damage or financial impairment of the Group. The Company continues to monitor group risk although this risk is assessed as being de minimis.

Key Performance Indicators

The loss after tax for the current year is £97 (2010: loss £133).

Results and Dividends

The result for the year is set out in the Profit and Loss Account on page 6. No dividends were declared in respect of the year ended 31 December 2011 (2010: £Nil). A dividend of £50,243.54 was paid during 2012 to Travelers Indemnity Company.

Directors and Directors' Interests

The current directors of the Company, and those who served during 2011, are shown below

A G Bishop
S Belden

None of the directors who held office at the end of the financial year had any discloseable interest in the shares of the Company.

Political and Charitable Contributions

The Company made no political or charitable contributions during the year (2010: £Nil).

Creditor Payment Policy

Payments are made to creditors in accordance with agreed terms.

Disclosure of Information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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DIRECTORS' REPORT

Auditor

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditor annually and KPMG Audit Plc will therefore continue in office

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



By Order of the Board
A G Bishop
Director

4 September, 2012

Exchequer Court
33 St Mary Axe
London
EC3A 8AG

GULF UNDERWRITING LIMITED
Registered Number 3780599

Independent Auditor's report to the members of Gulf Underwriting Limited

We have audited the financial statements of Gulf Underwriting Limited (Registered number 3780599) for the year ended 31 December 2011 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

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 financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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.


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**Independent Auditor's report to the members of Gulf Underwriting Limited
(continued)**

Matters on which we are required to report by exception

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

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



N B Priestley (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

4 September 2012

GULF UNDERWRITING LIMITED
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Profit & Loss Account
For the year ended 31 December 2011

	Notes	2011 £	2010 £
Investment income	3	126	136
Other charges	6	(258)	(321)
Loss on ordinary activities before taxation	4	<u>(132)</u>	<u>(185)</u>
Tax on loss on ordinary activities	7	35	52
Loss for the financial year		<u>(97)</u>	<u>(133)</u>

The Company has no recognised gains or losses other than the loss for the year and accordingly no statement of total recognised gains and losses has been prepared. The result for the year relates wholly to discontinued operations.

The notes on pages 8 to 12 form part of these financial statements.

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Balance Sheet
At 31 December 2011

	Notes	2011 £	2010 £
ASSETS			
Other debtors	9	87	51
Cash at bank		50,200	50,368
		<u>50,287</u>	<u>50,419</u>
LIABILITIES AND RESERVES			
Called-up share capital	8	1	1
Profit and loss account	10	<u>50,286</u>	<u>50,383</u>
Total shareholders' funds	11	<u>50,287</u>	<u>50,384</u>
Creditors			
Other creditors and taxation	12	-	35
		<u>50,287</u>	<u>50,419</u>

These financial statements were approved by the Board of Directors on 4 September, 2012


A G Bishop
 Director

The notes on pages 8 to 12 form part of these financial statements

GULF UNDERWRITING LIMITED
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Notes to the financial statements

1 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the provisions of section 396 of the Companies Act 2006, including applying the requirements set out in Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance companies. The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules, as modified to include the revaluation of investments and comply with the revised Statement of Recommended Practice (SORP) issued by the Association of British Insurers in December 2006.

As a corporate member of Lloyd's, the Company is required to remain in existence until the underwriting liabilities of its syndicate participations are paid in full. It remains the intention of the directors to seek a buyer for the Company outside the Travelers group. The Company has positive shareholders' funds and on this basis the Directors believe it is appropriate to prepare the accounts on a going concern basis.

In accordance with FRS 1(Revised), the Company is not required to prepare a cashflow statement as it is a wholly owned subsidiary.

The Company has taken advantage of the exemption contained in FRS 8 not to disclose transactions with entities which form part of the Travelers Group.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material to the Company's financial statements.

Investment income

Investment income is credited to the profit and loss account on an accrued basis.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed at the balance sheet date, except as otherwise required by FRS 19.

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Notes to the financial statements

3. INVESTMENT INCOME

	2011	2010
	£	£
Bank interest income	126	136
	<u>126</u>	<u>136</u>

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after charging

	2011	2010
	£	£
Auditor's remuneration in respect of		
Audit of these financial statements	5,000	5,000
Tax services	<u>1,700</u>	<u>2,000</u>

The auditor's remuneration was borne by another group company

5. STAFF COSTS AND REMUNERATION OF DIRECTORS

No staff costs or directors' remuneration has been charged during the year (2010 £Nil)

6. OTHER CHARGES

	2011	2010
	£	£
Administration expenses	258	321
	<u>258</u>	<u>321</u>

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Notes to the financial statements

7 TAXATION

	2011 £	2010 £
Analysis of credit in the year		
<i>UK corporation tax</i>		
Current year tax on loss for the year	<u>(35)</u>	<u>(52)</u>
Tax on ordinary activities	<u>(35)</u>	<u>(52)</u>

As the standard rate of corporation tax was changed from 28% to 26% on 1 April 2011, a composite rate of 26.5% has been used for the 2011 calendar year

	2011 £	2010 £
Current tax reconciliation		
Loss on ordinary activities before taxation	<u>(132)</u>	<u>(185)</u>
Current tax at 26.5% (2010: 28%)	35	52
Effects of		
Adjustments in respect of prior periods	-	-
Total current tax credit	<u>35</u>	<u>52</u>

8. CALLED UP SHARE CAPITAL

Ordinary shares of £1 each, authorised, allotted, called up and fully paid

	2011 £	2010 £
Share capital	<u>1</u>	<u>1</u>

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Notes to the financial statements

9. OTHER DEBTORS

	2011 £	2010 £
Corporation tax	87	51
	<u>87</u>	<u>51</u>

10. PROFIT AND LOSS ACCOUNT

	Profit and Loss Account £
Balance at 1 January 2011	50,383
Loss for the financial year	(97)
	<u>50,286</u>
Balance at 31 December 2011	<u>50,286</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Balance at 1 January 2011	50,384	50,517
Loss for the financial year	(97)	(133)
	<u>50,287</u>	<u>50,384</u>
Balance at 31 December 2011	<u>50,287</u>	<u>50,384</u>

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Notes to the financial statements

12. OTHER CREDITORS INCLUDING TAXATION

	2011	2010
Amount due to fellow group undertakings	-	35
	<u>-</u>	<u>35</u>

13. ULTIMATE PARENT COMPANY

The Travelers Indemnity Company is the immediate parent undertaking. The previous parent undertaking, Gulf Insurance Holdings Limited, has now been placed into members' voluntary liquidation and the share capital of the Company was transferred to The Travelers Indemnity Company on 4th October 2010.

The parent undertaking of the largest and smallest group of which the Company is a member and for which consolidated financial statements have been prepared is The Travelers Companies, Inc., a company incorporated in the United States of America.

These consolidated financial statements are available to the public and may be obtained from the Company's registered office at Exchequer Court, 33 St Mary Axe, London EC3A 8AG.