

Company registration number (England and Wales) 4195559

REGISTRAR OF
COMPANIES

LYMINGTON UNDERWRITING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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LYMINGTON UNDERWRITING LIMITED

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LYMINGTON UNDERWRITING LIMITED

COMPANY INFORMATION

COMPANY PERSONNEL

		Resigned
Directors	A D N Balme	
	R N Balme	
	Nomina Plc	24 May 2011
Company Secretary	Hampden Legal Plc	

COMPANY ADDRESSES

Registered office	c/o Nomina Plc
	85 Gracechurch Street
	London
	EC3V 0AA
Member's agent	Alpha Insurance Analysts Limited
	5th Floor, 107 Fenchurch Street
	London
	EC3M 5JF
Auditors	Humphrey & Co
	7 - 9 The Avenue
	Eastbourne
	East Sussex
	BN21 3YA

LYMINGTON UNDERWRITING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

The directors have pleasure in presenting their report together with the financial statements for the year ended 31 December 2010

Results and dividends

The profit for the year after taxation was £165,634 (2009 profit £371,689) The directors do not recommend the payment of a final dividend

Principal activities and review of the business

The principal activity of the Company in the year under review was that of a corporate underwriting member of Lloyd's The Company commenced underwriting with effect from 01 January 2002

The result for the year is in respect of the 2010 annual accounting year, which consists of movements in the 2008, 2009 and 2010 years of account as well as any 2007 and prior run-off years Gross premiums written decreased from £2,874,709 to £2,411,895 compared to the previous year and the overall balance on the technical account decreased from £423,970 to £112,770 as a result of the level of claims experienced

The company has continued to underwrite on the 2011 underwriting account where the market conditions are considered favourable for a profitable outcome subject to the level of claims experienced

The key business risks and uncertainties affecting the company are considered to relate to insurance risk, investment and currency risk and regulatory risk

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 Syndicates' 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 directors monitor the performance of the Company by reference to the following key performance indicators

	2010	2009
Capacity (youngest underwriting year) (£)	2,767,922	2,425,559
Gross premium written as a % of capacity	87.1 %	118.5 %
Underwriting profit of latest closed year as a % of capacity	7.2 %	16.8 %
Run-off years of account movement (£)	-	-
Combined ratio	99.2 %	89.7 %

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

LYMINGTON UNDERWRITING LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2010

Directors

The directors who held office at any time during the year are listed below

A D N Balme

R N Balme

Nomina Plc

Statement of directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgements 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,
- 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

The directors 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

Auditors

The auditors, Humphrey & Co, are deemed to be reappointed under Section 487(2) of the Companies Act 2006

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

Approved by the Board on 8th September 2011 and signed on its behalf by



A D N Balme
Director

LYMINGTON UNDERWRITING LIMITED

INDEPENDENT AUDITORS REPORT

TO THE SHAREHOLDERS OF LYMINGTON UNDERWRITING LIMITED

We have audited the financial statements of Lymington Underwriting Limited for the year ended 31 December 2010 on pages 5 to 22. 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 a Report of the Auditors 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 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 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. In addition we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

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 profit 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.

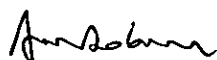
Opinion on other matter prescribed by the Companies Act 2006

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

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 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.



Andrew Robinson (Senior Statutory Auditor)

for and on behalf of Humphrey & Co

Chartered Accountants

Statutory Auditor

Date 12th September 2011

Humphrey & Co

7-9 The Avenue

Eastbourne

East Sussex

BN21 3YA

LYMINGTON UNDERWRITING LIMITED**PROFIT AND LOSS ACCOUNT - TECHNICAL ACCOUNT (GENERAL BUSINESS)
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
Gross premiums written	2	2,411,895	2,874,709
Outward reinsurance premiums		(455,013)	(564,223)
Net premiums written		1,956,882	2,310,486
Change in the provision for unearned premiums			
Gross provision		109,654	121,216
Reinsurers' share		(25,841)	21,263
Net change in the provision for unearned premiums		83,813	142,479
Earned premiums net of reinsurance		2,040,695	2,452,965
Allocated investment income	4	103,271	178,721
Claims paid			
Gross amount		(1,471,093)	(1,610,263)
Reinsurers' share		206,525	239,159
Net claims paid		(1,264,568)	(1,371,104)
Change in provision for claims			
Gross amount		(159,778)	71,662
Reinsurers' share		92,011	(29,072)
Net change in provision for claims		(67,767)	42,590
Claims incurred net of reinsurance		(1,332,335)	(1,328,514)
Net operating expenses	5	(692,213)	(872,646)
Investment expenses and charges		(6,648)	(6,556)
Balance on technical account for general business		112,770	423,970

LYMINGTON UNDERWRITING LIMITED

PROFIT AND LOSS ACCOUNT - NON TECHNICAL ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
Balance on the general business technical account		112,770	423,970
Investment income	6	284,350	292,666
Other income	7	203	48,000
Other charges		(179,360)	(263,192)
Profit on ordinary activities before taxation	8	217,963	501,444
Tax on profit on ordinary activities	17	(52,329)	(129,755)
Profit for the financial year		165,634	371,689

The company has no recognised gains or losses other than the profit for the financial years stated above

All amounts above relate to continuing operations

LYMINGTON UNDERWRITING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2010

ASSETS	Note	Syndicate Assets £	Corporate £	2010 Total £	2009 Total £
Intangible assets					
Syndicate participation rights	9	-	2,081	2,081	5,694
Investments					
Financial investments	10	3,239,255	1,500,381	4,739,636	4,548,856
Deposits with ceding undertakings		682	-	682	647
Total investments		3,239,937	1,500,381	4,740,318	4,549,503
Reinsurers' share of technical provisions					
Provision for unearned premiums		131,233	-	131,233	122,484
Claims outstanding		496,875	-	496,875	461,204
Other technical provisions		372,543	-	372,543	350,706
Total reinsurers' share of technical provisions		1,000,651	-	1,000,651	934,394
Debtors					
Arising out of direct insurance operations	11				
Policyholders		2,813	-	2,813	3,500
Intermediaries		577,508	-	577,508	579,751
Arising out of reinsurance operations	11	102,192	-	102,192	83,971
Other debtors	12	725,862	306,655	1,032,517	1,587,503
Total debtors		1,408,375	306,655	1,715,030	2,254,725
Other assets					
Cash at bank	13	506,612	359,297	865,909	821,752
Other		2,783	-	2,783	2,991
Total other assets		509,395	359,297	868,692	824,743
Prepayments and accrued income					
Accrued interest		4,666	-	4,666	13,304
Deferred acquisition costs		221,683	-	221,683	236,720
Other prepayments and accrued income		9,790	150	9,940	19,629
Total prepayments and accrued income		236,139	150	236,289	269,653
Total assets		6,394,497	2,168,564	8,563,061	8,838,712

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LYMINGTON UNDERWRITING LIMITED

BALANCE SHEET (continued)

AS AT 31 DECEMBER 2010

	Note	Syndicate Liabilities £	Corporate £	2010 Total £	2009 Total £
LIABILITIES					
Capital and reserves					
Called-up share capital	14	-	8,463	8,463	500
Share premium account	15	-	564	564	564
Profit and loss account	15	-	1,614,809	1,614,809	1,457,138
Shareholder's funds attributable to equity interests	16	-	1,623,836	1,623,836	1,458,202
Technical provisions					
Provision for unearned premiums		1,244,079	-	1,244,079	1,062,808
Claims outstanding - gross amount		4,308,452	-	4,308,452	4,811,354
Total technical provisions		5,552,531	-	5,552,531	5,874,162
Provisions for other risks and charges					
Provision for taxation	17	-	103,999	103,999	179,216
Deposits received from reinsurers		-	-	-	-
Creditors					
Arising out of direct insurance operations		165,548	-	165,548	153,663
Arising out of reinsurance operations		343,229	-	343,229	319,717
Amounts due to credit institutions		-	-	-	124
Other creditors	18	290,164	272,924	563,088	710,541
Total creditors		798,941	272,924	1,071,865	1,184,045
Accruals and deferred income					
Other accruals and deferred income		43,025	167,805	210,830	143,087
Total liabilities		6,394,497	2,168,564	8,563,061	8,838,712

Approved by the Board on *28 September* X 2011 and signed on its behalf by

A D N Balme

A D N Balme
Director

Company Registration No 04195559

LYMINGTON UNDERWRITING LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
Net cash inflow from operating activities	19	465,963	302,432
Returns on investments and servicing of finance			
Interest received		10,495	4,454
Interest paid		(7,203)	(25,023)
Dividends received		24,911	32,297
Net cash inflow from returns on investments and servicing of finance		28,203	11,728
Taxation			
UK corporation tax paid		(40,905)	-
Foreign tax paid		(2,689)	(8,087)
Net cash outflow from taxation		(43,594)	(8,087)
Capital expenditure and financial investment			
Purchase of syndicate participation rights		-	-
Proceeds from sale of syndicate participation rights		203	48,000
Purchase of investments		(285,735)	(195,363)
Proceeds from sale of investments		148,386	182,492
Net cash (outflow)/inflow from capital expenditure and financial investment		(137,146)	35,129
Net cash inflow before financing		313,426	341,202
Financing			
Funds withdrawn from the company by the company's shareholders		(292,185)	(138,547)
Net cash outflow from financing		(292,185)	(138,547)
Increase in cash		21,241	202,655
Net funds at 1 January		338,056	135,401
Increase in cash in the year		21,241	202,655
Net funds at 31 December		359,297	338,056

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.

LYMINGTON UNDERWRITING LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting policies

1.1 Basis of preparation

The Financial Statements have been prepared in accordance with the Companies Act 2006 and Regulation 6 of Schedule 3 to 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 2005. They are prepared under the historical cost basis of accounting modified to include the revaluation of investments, and comply with applicable accounting standards.

Basis of accounting

The technical account has been prepared on an annual basis of accounting, whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums net of re-insurance. Amounts reported in the technical account relate to movements in the period in respect of all relevant years of account of the Syndicates on which the company participates.

Accounting information in respect of the Syndicate participations has been provided by the Syndicate managing agents through an information exchange facility operated by Lloyd's and has been reported on by the Syndicate auditors.

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the Syndicates' managing agents and are shown separately on the Balance Sheet as "Syndicate Assets" and "Syndicate Liabilities". The assets are held subject to trust deeds for the benefit of the Syndicates' insurance creditors.

In continuing to apply the going concern basis to this Company's Financial Statements the following factors have been taken into account: the likely timing of any underwriting and non-underwriting cash flows, any Funds at Lloyd's supporting the Company's underwriting and not reflected in the Company's Balance Sheet and the continued support of the Directors and Shareholders including the potential deferral of balances due to them.

General business

i Premiums

Gross premiums are accounted for in the period in which the risk commences, together with adjustments to premiums written in previous accounting periods. Future premiums relating to risks commencing in the period are based upon estimates made by the Syndicates' management. Other adjustments are accounted for as arising.

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.

LYMINGTON UNDERWRITING LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

v Claims

Provision is made for the estimated cost of claims outstanding at the end of the year, including those incurred but not reported at that date, and for the related cost of settlement. Claims incurred comprise amounts paid or provided in respect of claims occurring during the current year, together with the amount by which settlement or reassessment of claims from previous years differs from the provision at the beginning of the year.

The claims provision determined by the managing agent will have been based on information that was currently available at the time. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided and will be reflected in the financial statements for the period in which the adjustment is made.

vi 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.

vii 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.

viii Investments and allocated investment income

In accordance with Lloyd's current accounting practice, investments are stated at market value, including accrued interest at the Balance Sheet date. Investment income is included in the General Business Technical Account reflecting that earned on the investment portfolio managed by the Syndicates. The allocated investment income therefore comprises income received and investment profits and losses arising in the calendar year including appreciation/depreciation and accrued interest consequent upon the revaluation of investments at 31 December. All gains and losses on investments are treated as realised at the Balance Sheet date.

LYMINGTON UNDERWRITING LIMITED

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

ix Basis of currency translation

Syndicates maintain separate funds in Sterling, United States and Canadian dollars, and may also do so in certain other currencies. All transactions where separate currencies are maintained are translated into Sterling at the rates of exchange ruling at the Balance Sheet date. Transactions during the year in other overseas currencies are expressed in Sterling at the rates ruling at the transaction date.

x 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. 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.

xi 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.

1.2 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.

1.3 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 assets and amortised over a 3 year period beginning with the respective year of Syndicate participation.

1.4 Investments

Investments held directly by the company, by trustees of the Premium Trust Fund, or as the Lloyd's Deposit, are stated at market value.

LYMINGTON UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

2 Class of business	Gross written premiums £	Gross premiums earned £	Gross claims incurred £	Operating expenses £	Reinsurance balance £
2010					
Direct					
Accident and health	81,724	84,315	(35,042)	(34,469)	(5,374)
Motor - third party liability	52,406	71,516	(109,827)	(19,215)	15,093
Motor - other classes	242,553	269,215	(396,540)	(79,499)	30,153
Marine, aviation and transport	210,096	214,475	(103,187)	(58,148)	(9,143)
Fire and other damage to property	467,214	475,585	(223,179)	(148,717)	(70,109)
Third party liability	456,482	452,695	(247,262)	(133,603)	(12,716)
Credit and suretyship	123,159	127,117	(61,071)	(35,778)	(18,711)
Other	15,664	17,467	(11,068)	(6,659)	(97)
Total direct	1,649,298	1,712,385	(1,187,176)	(516,088)	(70,904)
Reinsurance business					
Reinsurance balance	762,597	809,164	(443,695)	(176,125)	(111,414)
Total	2,411,895	2,521,549	(1,630,871)	(692,213)	(182,318)

	£	£	£	£	£
2009					
Direct					
Accident and health	73,171	71,352	(38,549)	(29,328)	(3,718)
Motor - third party liability	79,152	73,346	(76,923)	(19,250)	(3,451)
Motor - other classes	292,928	271,805	(269,535)	(74,868)	(5,821)
Marine, aviation and transport	256,220	262,826	(106,107)	(76,385)	(30,753)
Fire and other damage to property	556,019	566,035	(285,780)	(186,340)	(68,737)
Third party liability	534,727	560,762	(268,709)	(176,719)	(38,509)
Credit and suretyship	32,411	31,962	(37,102)	(8,576)	2,986
Other	8,293	8,048	(3,369)	(3,304)	(17)
Total direct	1,832,921	1,846,136	(1,086,074)	(574,770)	(148,020)
Reinsurance business					
Reinsurance balance	1,041,788	1,149,789	(452,527)	(297,876)	(184,853)
Total	2,874,709	2,995,925	(1,538,601)	(872,646)	(332,873)

Any open year loss provisions, stop loss premiums and stop loss recoveries have been allocated across the classes of business by reference to the gross premiums written

LYMINGTON UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

3	Geographical analysis	2010	2009
		£	£
	Direct gross premiums written in		
	United Kingdom	1,460,916	1,832,921
	Other EU member states	30,303	-
	The rest of the world	158,079	-
	Total	1,649,298	1,832,921
<hr/>			
4	Allocated investment income	2010	2009
		£	£
	Investment income	103,917	194,606
	Realised loss on investments	(646)	(15,885)
	Total	103,271	178,721
<hr/>			
5	Net operating expenses	2010	2009
		£	£
	Acquisition costs	513,433	579,291
	Administrative expenses	214,181	227,928
	(Profit)/Loss on exchange	(35,401)	65,427
	Total	692,213	872,646

LYMINGTON UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

6	Investment income	2010 £	2009 £
	Income from other investments (including interest receivable)	35,406	36,751
	Realised gain from other investments	246,705	16,588
	Unrealised gain from other investments	2,239	239,327
	Total	284,350	292,666
7	Other income	2010 £	2009 £
	Profit on sale of syndicate participation rights	203	48,000
	Other	-	-
	Total	203	48,000
8	Profit on ordinary activities before taxation	2010 £	2009 £
	This is stated after charging		
	Auditor's remuneration - audit	640	640
	Auditor's remuneration - other	985	1,185
	Director's remuneration	166,605	202,139
	Employer's pension contributions	11,000	10,000
	Amortisation of syndicate capacity	3,613	5,695

The average number of persons, including directors, employed during the year was 2 (2009 2)

LYMINGTON UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

9 Intangible assets	Syndicate Participation Rights £
Cost	
At 1 January 2010	50,746
Additions	-
Disposals	(1,152)
At 31 December 2010	49,594
Amortisation	
At 1 January 2010	45,052
Charge for the year	3,613
Impairment losses	-
Disposals	(1,152)
At 31 December 2010	47,513
Net book value	
At 31 December 2010	2,081
At 31 December 2009	5,694

10 Investments Financial investments	Syndicate £	Corporate £	2010 Total £	2009 Total £
<i>At market value</i>				
Shares and other variable yield securities	315,856	1,336,158	1,652,014	1,361,903
Debt securities and other fixed income securities	2,750,231	164,223	2,914,454	3,034,765
Participation in investment pools	130,691	-	130,691	105,529
Loans guaranteed by mortgage	9,788	-	9,788	2,347
Other loans	20,945	-	20,945	129
Deposits with credit institutions	10,939	-	10,939	39,192
Other	805	-	805	4,991
Total	3,239,255	1,500,381	4,739,636	4,548,856

The corporate investments held include £1,217,338 (2009 £1,114,088) at market value in respect of Lloyd's deposits that are held in accordance with the constraints detailed in note 20

LYMINGTON UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

10 Investments Financial investments (continued)

	Syndicate	Corporate	2010 Total	2009 Total
	£	£	£	£
<i>At cost</i>				
Shares and other variable yield securities	294,424	973,825	1,268,249	1,033,781
Debt securities and other fixed income securities	2,763,588	137,495	2,901,083	3,119,613
Participation in investment pools	123,346	-	123,346	96,713
Loans guaranteed by mortgage	9,891	-	9,891	2,517
Other loans	20,945	-	20,945	129
Deposits with credit institutions	10,939	-	10,939	38,765
Other	707	-	707	5,202
Total	3,223,840	1,111,320	4,335,160	4,296,720

11 Debtors arising out of direct insurance and reinsurance operations

	Syndicate	Corporate	2010 Total	2009 Total
	£	£	£	£
The following amounts are due after one year				
Direct insurance operations	149,176	-	149,176	333,009
Reinsurance operations	252	-	252	8,350
Total	149,428	-	149,428	341,359

12 Other debtors

	Syndicate	Corporate	2010 Total	2009 Total
	£	£	£	£
Deferred tax	-	-	-	-
Other	725,862	306,655	1,032,517	1,587,503
Total	725,862	306,655	1,032,517	1,587,503

Corporate other debtors includes £118,279 (2009 £193,885) due to the company after more than one year
 Syndicate other debtors includes £35,389 (2009 £31,162) due to the company after more than one year

13 Cash at bank

	Syndicate	Corporate	2010 Total	2009 Total
	£	£	£	£
Lloyd's deposit	241,954	121,354	363,308	377,477
Cash at bank and in hand	264,658	237,943	502,601	444,275
Total	506,612	359,297	865,909	821,752

Any Lloyd's deposit is held in accordance with the constraints detailed in note 20

LYMINGTON UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

14	Share capital	2010 £	2009 £
	<i>Allotted, called up and fully paid</i>		
	423,134 (2009 - 500) Ordinary shares of £0.02 (2009 - £1.00) each	8,463	500
15	Statement of movements on reserves	Share premium account £	Profit and loss account £
	At 1 January 2010	564	1,457,138
	Premium on shares issued during the year	-	-
	Profit during the year	-	165,634
	Dividends	-	-
	Bonus share issue	-	(7,963)
	At 31 December 2010	564	1,614,809
16	Reconciliation of movements in shareholders' funds	2010 £	2009 £
	Retained profit for the financial year	165,634	371,689
	Proceeds from the issue of shares	-	-
	Net addition to shareholders' funds	165,634	371,689
	Opening shareholders' funds	1,458,202	1,086,513
	Closing shareholders' funds	1,623,836	1,458,202
17	Taxation	2010 £	2009 £
	<i>Analysis of charge in year</i>		
	<i>Current tax</i>		
	UK Corporation Tax on profits of the year	123,716	31,040
	Adjustments in respect of prior years	1,141	-
	Foreign tax	2,689	8,087
	Total current tax	127,546	39,127

LYMINGTON UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

17 Taxation (continued)	2010 £	2009 £
<i>Analysis of charge in year</i>		
<i>Deferred tax</i>		
Origination and reversal of timing differences	(75,217)	75,437
Changes in tax rates	-	15,191
Adjustment to the estimated recoverable amounts of deferred tax assets arising in prior years	-	-
Other items	-	-
Total deferred tax	(75,217)	90,628
 Tax on profit on ordinary activities	 52,329	 129,755
 <i>Factors affecting tax charge for the year</i>		
The tax assessed for the year is higher (2009 - lower) than the standard rate of Corporation Tax in the UK of 28 00% (2009 - 21 00%) The differences are explained below		
	2010 £	2009 £
Profit on ordinary activities before taxation	217,963	501,444
 Profit on ordinary activities before taxation multiplied by the standard rate of Corporation Tax in the UK of 28 00% (2009 - 21 00%)	 61,030	 105,303
 <i>Effects of</i>		
Expenses not deductible for tax purposes	-	-
Timing differences arising from the taxation of the underwriting results	75,418	21,893
Timing differences arising from the taxation of syndicate participation movements	-	6
Tax losses carried forward/(Utilisation of tax losses)	-	(85,500)
Adjustments to tax charge in respect of prior periods	1,141	-
Other adjustments	(10,043)	(2,575)
Current tax charge for the year	127,546	39,127

Factors that may affect future tax charges

The company has trading losses of £Nil (2009 - £Nil) available for carry forward against future trading profits

LYMINGTON UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

17 Taxation (continued)	2010 £	2009 £
<i>Provision for deferred tax</i>		
At 1 January 2010	179,216	-
(Credit)/Charge to the profit and loss account	(75,217)	179,216
Released or utilised in the year	-	-
At 31 December 2010	103,999	179,216

Full provision has been made for all timing differences apart from the recovery of taxation losses against future trading profits, which cannot be prudently anticipated at this time

The deferred tax asset not provided for in respect of Corporation Tax losses, and deferred tax losses not yet assessable to Corporation Tax, amounted to £Nil (2009 - £Nil)

18 Other creditors	Syndicate £	Corporate £	2010 £	2009 £
Other creditors	290,164	157,932	448,096	387,316
Social security costs	-	-	-	-
Corporation tax	-	114,992	114,992	31,040
Shareholders' loan account	-	-	-	292,185
	290,164	272,924	563,088	710,541

The above shareholders' loan has been included in the related party transactions note 21

19 Reconciliation of operating (loss)/profit before interest to net cash inflow from operating activities	2010 £	2009 £
Operating (loss)/profit before interest	(59,184)	233,801
Current year result not distributable in year	(112,770)	(423,970)
Prior year result distributable in year	473,610	655,791
Profit on sale of syndicate participation rights	(203)	(48,000)
Increase/(Decrease) in creditors	158,028	(130,895)
Decrease in debtors	2,869	10,010
Amortisation and impairment of syndicate participation rights	3,613	5,695
Net cash inflow from operating activities	465,963	302,432

LYMINGTON UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

20 Fund's at Lloyd's

Cash balances of £121,354 (2009 £135,027) detailed in note 13 and investments of £1,217,338 (2009 £1,114,088) detailed in note 10 are held within the company's Lloyd's deposit

The Lloyd's deposit represents funds 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 legal agreement with Lloyd's which gives the Corporation the right to apply these funds in settlement of any claims arising from the company's participation on Lloyd's Syndicates. These funds 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.

In addition to these amounts, the shareholders of the company have also made available to Lloyd's assets amounting to approximately £Nil (2009 £Nil) which are also used by the company to support its Lloyd's underwriting.

21 Related party transactions

AMC Limited was the ultimate holding company and owned 100% of the share capital of Lymington Underwriting Limited until 17 November 2010. At this point the Directors Mr A D N and R N Balme became controlling shareholders and controlled the company at the year end. During 2010 AMC Limited provided additional funding of £7,643 (2009 - £25,453) and withdrew funding of £222,548 (2009 - £164,000). Included within creditors at 31 December 2010 is £77,280 (2009 - £292,185) which is due to AMC Limited. Interest of £7,203 (2009 - £25,023) was charged by AMC Limited on the amount outstanding. This amount is included in note 18 within other creditors.

LYMINGTON UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

22 Syndicates

The company is or was an Underwriting Member of the following Syndicate(s) or MAPA's

Syn. No	Managing agent	2011 Allocated Capacity	2010 Allocated Capacity	2009 Allocated Capacity	2008 Allocated Capacity
0033	Hiscox Syndicates Limited	267,640	297,377	223,034	208,165
0218	Cox Syndicate Management Limited	101,014	101,014	93,967	87,412
0260	KGM Underwriting Agencies Limited	100,000	228,160	228,160	168,995
0318	Beaufort Underwriting Agency Limited	100,350	100,350	90,000	90,000
0386	Limit Underwriting Limited	91,287	91,287	85,008	85,008
0510	R J Kiln & Co Limited	385,837	385,837	264,211	246,588
0557	R J Kiln & Co Limited	37,783	75,295	75,295	75,295
0609	Atrium Underwriters Limited	110,495	110,495	80,264	86,578
0623	Beazley Furlonge Limited	225,315	225,315	149,837	158,465
0727	S A Meacock & Co Limited	106,219	106,219	98,015	98,015
0780	Advent Underwriting Limited	-	-	-	-
0958	Omega Underwriting Agents Limited	159,357	159,357	261,960	261,960
1200	Heritage Managing Agency Limited	-	-	-	58,941
1969	Marlborough Underwriting Agency Limited	74,355	60,000	-	-
2010	Cathedral Underwriting Limited	182,614	182,614	156,522	156,522
2020	Wellington Underwriting Agencies Limited	-	-	-	-
2525	Abacus Syndicates Limited	120,388	120,388	120,388	120,388
2526	Abacus Syndicates Limited	105,951	67,417	67,417	67,417
2791	Managing Agency Partners Limited	334,269	334,269	270,071	270,071
3245	Heritage Managing Agency Limited	-	-	-	-
6101	Argenta Syndicate Management	-	-	-	271,998
6103	Managing Agency Partners Limited	30,117	30,117	69,000	69,000
6104	Hiscox Syndicates Limited	50,001	50,001	50,000	40,000
6106	Amlin Underwriting Limited	42,410	42,410	42,410	-
		£ 2,625,402	£ 2,767,922	£ 2,425,559	£ 2,620,818

In addition the company is still participating on the following syndicates or MAPA's in run-off

Syn No	Managing agent	Year of Account	Allocated Capacity
0218	Cox Syndicate Management Limited	2008	87,412
0260	KGM Underwriting Agencies Limited	2008	168,995