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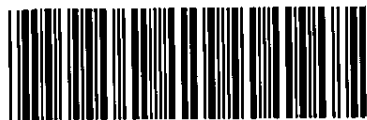
COMPANY REGISTRATION NO 5636081

LV INSURANCE MANAGEMENT LIMITED

**REPORT AND
ACCOUNTS**

FOR THE YEAR ENDED 31 DECEMBER 2009

TUESDAY



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LV INSURANCE MANAGEMENT LIMITED

REPORT AND ACCOUNTS 2009

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LV INSURANCE MANAGEMENT LIMITED

DIRECTORS, OFFICERS AND REGISTERED OFFICE

Directors

K W Abercromby
P M Bunker
S V Castle
S M Daniels
J B O'Roarke
M J Rogers

Secretary

P B Cassidy

Registered office

County Gates
Bournemouth
BH1 2NF
Telephone 01202 292333
Fax 01202 751825

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
31 Great George Street
Bristol
BS1 5QD

LV INSURANCE MANAGEMENT LIMITED (COMPANY REGISTRATION NO 3730662)

DIRECTORS' REPORT

The Directors submit their annual report and the audited accounts for the year to 31 December 2009

1. Results and Dividends

The profit on ordinary activities for the year after taxation was £38,000 (2008 loss £6,471,000) No dividend was approved during the year (2008 £nil)

2. Principal activities

The principal activity of the company is the provision of management services to other companies within the Liverpool Victoria General Insurance Group (LVGIG)

3. Business review and developments

(a) Results and performance

During 2009 LVGIG has made good progress towards achieving its long term strategic objectives

(b) Strategy

The long term objective of LVGIG (and its subsidiaries) is as follows

"To become a top five general insurer in its target markets and to be active in all major channels direct, broker, affinity and white-label It will be focused on three core products, namely Motor, Home and Commercial supported by minor offerings such as Road Rescue, Travel and Pet and will utilise a range of strong brands including LV=, Highway, ABC and Britannia Rescue The Group will operate best-practice processes and technology in order to provide superior customer service through a people-focused and empowered culture The Group will ultimately deliver attractive and consistent returns to members "

LV Insurance Management (LVIM) is the main service company within this group and supports the main operating entities in achieving the overall objective The Directors do not anticipate any change in this status in the near future

(c) Principal risks and uncertainties

Given the nature of the operations the directors do not consider there are any significant risks and uncertainties facing the company

(d) Significant post Balance Sheet events.

There have been no events of significance affecting the Company since the balance sheet date

(e) Key performance indicators

The Board sets Key Performance Indicators (KPI's) and targets, which it monitors on a regular basis throughout the year These KPI's change from time to time as objectives and priorities change During 2009 the KPI's for LVIM were focused on turnover and cost of sales which have increased in direct proportion to the significant growth in business activity experienced in Liverpool Victoria Insurance Company (LVIC) and Highway Insurance Company (HW) LVIC and HW are the primary general insurance underwriting entities in LVGIG and the primary recipients of LVIM's services

4. Directors

The present members of the Board and the members who served during the year are listed on page 2

5. Basis of preparation

The accounts for the Company are presented using International Financial Reporting Standards as adopted in the European Union, drawn on a going concern basis The Directors are satisfied that the Company has adequate resources to continue business for the foreseeable future and accordingly the going concern basis is appropriate

LV INSURANCE MANAGEMENT LIMITED (COMPANY REGISTRATION NO 3730662)

DIRECTORS' REPORT

6. Parent Company

The ultimate parent company is Liverpool Victoria Friendly Society Limited, a UK incorporated Friendly Society registered under the Friendly Societies Act 1992. The immediate parent company is Liverpool Victoria Insurance Company Limited.

7. Employees

The Company utilised the staff and premises of Liverpool Victoria Friendly Society Limited in carrying out its activities during the year. Costs not directly recharged were paid by way of a management charge.

8. Charitable and political donations

No charitable or political donations have been made during 2009 or 2008.

9. 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 International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.


The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors and disclosure of information to auditors

Each Director at the date of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all 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 OF DIRECTORS AND SIGNED BY ORDER OF THE BOARD


P B Cassidy
Secretary
9 March 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LV INSURANCE MANAGEMENT LIMITED

We have audited the financial statements of LV Insurance Management Limited for the year ended 31 December 2009 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page (4) 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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LV INSURANCE MANAGEMENT LIMITED

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

Claire Stockhausen (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
31 Great George Street
Bristol
BS1 5QD

LV INSURANCE MANAGEMENT LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £000	2008 £000
Other operating income	5	149,122	155,070
Other operating and administrative expenses	6	(149,124)	(162,995)
(Loss) before tax		(2)	(7,925)
Income tax credit	9	40	1,454
Profit/(loss) for the financial year		38	(6,471)
Total comprehensive income for the year		38	(6,471)

All balances relate to continuing business

The notes on pages 11 to 24 are an integral part of the accounts

LV INSURANCE MANAGEMENT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Attributable to equity holders of the Company		
	Called up share capital	Retained deficit	Total
	£000	£000	£000
Balance at 1 January 2009	10,045	(4,408)	5,637
Change in the year	-	38	38
Balance at 31 December 2009	10,045	(4,370)	5,675


	Attributable to equity holders of the Company		
	Called up share capital	Retained deficit	Total
	£000	£000	£000
Balance at 1 January 2008	10,045	2,063	12,108
Change in the year	-	(6,471)	(6,471)
Balance at 31 December 2008	10,045	(4,408)	5,637

LV INSURANCE MANAGEMENT LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

	Note	2009 £000	2008 £000
Assets			
Property and equipment	10	3,442	2,666
Trade and other receivables	11	15,790	18,509
Cash and cash equivalents	12	11	17
Total assets		19,243	21,192
Liabilities			
Trade and other payables	13	13,568	15,367
Provisions	17	-	188
Total liabilities		13,568	15,555
Equity			
Called up share capital	18	10,045	10,045
Retained deficit	19	(4,370)	(4,408)
Total equity		5,675	5,637
Total liabilities and equity		19,243	21,192

These accounts were approved by the Board of Directors on 9 March 2010 Signed on behalf of the Board of Directors



K W Abercromby
Director

LV INSURANCE MANAGEMENT LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £000	2008 £000
Cash and cash equivalents at 1 January	12	17	23
Cash flows from:			
Operating activities			
Cash generated from/(used in) operating activities	21	1,112	(6,273)
Income tax refund/(paid)		40	(846)
Net cash flows generated from/(used in) operating activities		1,152	(7,119)
Investing activities			
Proceeds from sale of property and equipment		-	7,925
Purchase of property and equipment		(1,158)	(812)
Net cash flows from investing activities		(1,158)	7,113
Net decrease in cash and cash equivalents		(6)	(6)
Cash and cash equivalents at 31 December	12	11	17

LV INSURANCE MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009

1 General information

LV Insurance management Limited is a company limited by shares, domiciled and incorporated in the United Kingdom

2. Basis of presentation

The Company's accounts conform with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU) and the International Financial Reporting Interpretations Committee (IFRIC) and also with those parts of the Companies Act 2006 applicable to companies reporting under IFRS

In accordance with IFRS 4 on Insurance Contracts, the Company has applied existing accounting practices for insurance and participating investment contracts (ie with profit contracts) modified as appropriate to comply with the IFRS framework and applicable standards

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings, available for sale investments, financial assets and liabilities (including derivatives) at fair value through income. The preparation of the accounts in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Company has not used any significant estimates or judgements in preparing the financial statements in conformity with IFRS. The principal accounting policies adopted are listed below. These policies have been consistently applied to all years presented, unless otherwise stated.

3. Accounting policies

Other income

Management charges for the provision of services are recognised as income when due for payment

Operating lease payments

Operating lease payments are accounted for on a straight line basis over the term of the lease

Property and equipment

Operational property and equipment is held at accumulated cost less depreciation. Both are depreciated on a straight line basis over their estimated useful lives. The periods used are as follows:

Leasehold property*	10 years or lease term if shorter
Fixtures, fittings and motor vehicles	4 to 10 years

Provision is made for any impairments in property and equipment

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

*These are properties used by the Company for operational purposes and are not investment properties

LV INSURANCE MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009

Income taxes

The income tax expense reflects the movement in current and deferred income tax in respect of income, gains, losses and expenses

- Current income tax

Current income tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

- Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Trade and other payables

Trade and other payables are recognised when due and relate to accruals and deferred income and other payables.

Trade and other receivables

Trade and other receivables are recognised when due and comprise amounts due to the Company from group undertakings and other receivables. Where there is objective evidence that the carrying value is impaired then the impairment loss will be recognised in the statement of comprehensive income.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and short term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents are as defined above but are shown net of outstanding bank overdrafts.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Where the Company expects some or all of a provision to be reimbursed it is recognised as a separate asset when the reimbursement is certain.

Provisions are measured at the present value of the expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

LV INSURANCE MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009

FUTURE CHANGES IN ACCOUNTING POLICIES

CHANGES IN ACCOUNTING POLICIES

(i) Standards, amendments to published standards and interpretations effective on or after 1 January 2009

The following amendments to published standards are mandatory for the Company's accounting periods beginning on or after 1 January 2009

IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009) The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been presented so that it also conforms with the revised standard.

(ii) Standards, amendments to published standards and interpretations early adopted by the Company

In 2009, the Company did not early adopt any new, revised or amended standards.

(iii) Standards and interpretations effective in 2009 but not relevant to the Company's operations

IAS 16 'Property, plant and equipment' (and consequential amendment to IAS 7)
IAS 20 'Accounting for government grants and disclosure of government assistance' (Amendment)
IAS 29 'Financial reporting in hyperinflationary economies'
IAS 31 'Interests in joint ventures' (and consequential amendment to IAS 32 and IFRS 7)
IAS 32 and IAS 1 'Puttable financial instruments and obligations arising on liquidation'
IAS 38 'Intangible assets'
IAS 41 'Agriculture'
IFRIC 13 'Customer loyalty programmes'
IFRIC 15 'Agreements for the construction of real estates'

(iv) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods, but the Company has not early adopted them.

IAS 1 (Amendment), 'Presentation of financial statements' The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Company will apply IAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the Company's financial statements.

LV INSURANCE MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009

4. Capital Management Policies and Procedures

The Company maintains an efficient capital structure from a combination of equity shareholders' funds and borrowings, consistent with the Company's risk profile

The Company retains capital to meet three key objectives

- (i) To ensure financial stability,
- (ii) To enable the Company's strategy to be developed, and
- (iii) To give confidence to consumers and other stakeholders who have relationships with the Company

At least annually, these objectives are reviewed and benchmarks are set by which to judge the adequacy of the Company's capital. The capital position is monitored against those benchmarks to ensure that sufficient capital is available to the Company. In the event that sufficient capital is not available, plans would be developed either to raise additional capital through, for example, subordinated loans, or to reduce the quantum of risk accepted thereby reducing the capital requirement through, for example, reinsurance or a change in investment strategy. If it becomes apparent that excess capital is available to the Company above its potential needs, plans would be developed to return such excess to shareholders.

As the Company is not regulated, there are no external capital requirements.

The Company had capital available of £5,675,000 (2008 £5,637,000) being shareholders funds available to the Company.

LV INSURANCE MANAGEMENT LIMITED**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009****5. Other operating income**

	2009 £000	2008 £000
Management charges	149,122	155,070
	149,122	155,070

The Company operates in one business segment within the UK

6. Other operating and administrative expenses

	2009 £000	2008 £000
Depreciation on property and equipment – owned	382	304
Operating lease rental charges on land and buildings	1,003	576
Auditors remuneration	7	10
Administrative expenses	147,732	154,180
Major computer system disposal	-	7,925
	149,124	162,995

7. Directors Emoluments

The emoluments of the Directors' are paid by the ultimate parent company which makes no recharge to the Company. The Directors are also Directors of Liverpool Victoria Insurance Company Limited (and a number of fellow subsidiaries) and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments. Total emoluments for the relevant Directors are included in the aggregate of Directors' emoluments disclosed in the financial statements of Liverpool Victoria Insurance Company Limited.

8. Auditors' remuneration

	2009 £000	2008 £000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	7	10
	7	10

There were no other services carried out by the auditors in respect of this Company

LV INSURANCE MANAGEMENT LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

9. Income tax expense

a) Current year tax expense

	2009	2008
	£000	£000
Current year tax credit:		
Group relief	(611)	(653)
Prior year adjustment	651	(193)
Total current tax	40	(846)
Deferred tax		
Temporary differences	-	2,300
Total deferred tax	-	2,300
Total income tax expense	40	1,454

b) Reconciliation of tax charge

	2009	2008
	£000	£000
Loss before tax	(2)	(7,925)
Tax at 28% (2008 28.5%)	-	(2,259)
Permanent differences		
Disallowable expenses	1,389	3,471
Unprovided deferred tax asset	(778)	(819)
Deferred tax on temporary timing differences	-	(2,300)
Transfer pricing	-	260
Adjustment to tax charge in respect of prior years	(651)	193
Total tax expense for the year	(40)	(1,454)

LV INSURANCE MANAGEMENT LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

10. Property and equipment

	Leasehold property enhancements short	Motor vehicles	Total
	£000	£000	£000
Cost:			
At 1 January 2009	3,118	-	3,118
Additions	1,095	63	1,158
At 31 December 2009	4,213	63	4,276
Depreciation:			
At 1 January 2009	452	-	452
Provided in the year	372	10	382
At 31 December 2009	824	10	834
Net book value at 31 December 2009	3,389	53	3,442

	Leasehold property enhancements short	Computer systems	Total
	£000	£000	£000
Cost:			
At 1 January 2008	2,306	7,925	10,231
Additions	812	-	812
Disposals	-	(7,925)	(7,925)
At 31 December 2008	3,118	-	3,118
Depreciation:			
At 1 January 2008	148	-	148
Provided in the year	304	-	304
At 31 December 2008	452	-	452
Net book value at 31 December 2008	2,666	-	2,666

LV INSURANCE MANAGEMENT LIMITED**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

11. Trade and other receivables

	2009	2008
	£000	£000
Amounts owed to group undertakings	13,661	17,874
Other receivables	2,129	635
	15,790	18,509

12. Cash and cash equivalents

	2009	2008
	£000	£000
Bank balances	11	17
Cash and cash equivalents per statement of financial position and statement of cash flows	11	17

13. Trade and other payables

	2009	2008
	£000	£000
Accruals and deferred income	12,966	15,165
Tax payable	544	202
Other payables	58	-
	13,568	15,367

LV INSURANCE MANAGEMENT LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

14. Maturity profile of financial liabilities

Maturity profile of financial liabilities 2009		Within 1 year £000	Total £000
Trade and other payables	13	13,568	13,568
		13,568	13,568

Maturity profile of financial liabilities 2008		Within 1 year £000	Total £000
Trade and other payables	13	15,367	15,367
Provision	17	188	188
		15,555	15,555

15. Maturity profile of financial assets

Maturity profile of financial assets 2009		Within 1 year £000	Over 1 year £000	Total £000
Property and equipment	10	-	3,442	3,442
Trade and other receivables	11	15,791	-	15,791
Cash and cash equivalents	12	11	-	11
		15,802	3,442	19,244

Maturity profile of financial assets 2008		Within 1 year £000	Over 1 year £000	Total £000
Property and equipment	10	-	2,666	2,666
Trade and other receivables	11	18,509	-	18,509
Cash and cash equivalents	12	17	-	17
		18,526	2,666	21,192

LV INSURANCE MANAGEMENT LIMITED**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009****16. Deferred tax liability**

Deferred tax is provided at 28% (2008 28.5%) analysed over the following timing differences

	2009 £000	2008 £000
Balance at 1 January	-	2,300
Amounts recorded in the statement of comprehensive income	-	(2,300)
Balance at 31 December	-	-

(i) Deferred taxation asset not recognised

	2009 £000	2008 £000
Accelerated capital allowances	2,143	2,983
	2,143	2,983

17. Provisions

	2009 £000	2008 £000
Balance at 1 January	188	1,349
Utilised during the year	(188)	(1,161)
Balance at 31 December	-	188

The provision was for early contract termination charges and was fully utilised in 2009

LV INSURANCE MANAGEMENT LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

**18. Called up share capital
Authorised**

	2009 £000	2008 £000
Ordinary 'A' shares of £1 each	9,543	9,543
Ordinary 'B' shares of £1 each	502	502
	10,045	10,045

Issued, allotted and fully paid

	2009 £000	2008 £000
Ordinary 'A' shares of £1 each	9,543	9,543
Ordinary 'B' shares of £1 each	502	502
	10,045	10,045

Ordinary 'B' shares

(a) The holders of the B ordinary shares shall not have any right to receive a dividend or other distribution of the Company's profits

(b) The B ordinary shares shall confer on the holder the right to receive notice of but not to attend or speak at general meetings of the Company nor vote at general meetings of the Company unless a resolution is proposed for the solvent winding up or dissolution of the Company

19. Retained deficit

	2009 £000	2008 £000
Balance at 1 January	(4,408)	2,063
Profit/(loss) for the year	38	(6,471)
Balance at 31 December	(4,370)	(4,408)

LV INSURANCE MANAGEMENT LIMITED**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

20. Annual lease commitments

As at 31 December 2009, the company has annual commitments under non-cancellable operating leases in respect of buildings as follows

	2009	2008
	£000	£000
Operating leases which expire		
Within 1 year	1,017	669
In 2 to 5 years	3,858	1,125
Greater than 5 years	3,662	-
	8,537	1,794

21. Cash generated from operating activities

	2009	2008
	£000	£000
Loss before tax	(2)	(7,925)
Non cash items		
Depreciation on property and equipment	382	304
Changes in working capital		
Decrease/(increase) in loans and receivables	2,719	(1,312)
(Decrease) in provisions and pension obligations	(188)	(1,161)
(Decrease)/increase in trade and other payables	(1,799)	3,821
Cash generated from/(used) in operating activities	1,112	(6,273)

LV INSURANCE MANAGEMENT LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

22. Related party transactions

The Company enters into transactions with key management personnel in the normal course of business. All transactions are carried out on an arm's length basis. Details of significant transactions carried out during the year with related parties are as follows:

The following transactions have taken place between the Company and Liverpool Victoria Insurance Company:

	2009	2008
	£000	£000
Management charge to the Company	149,122	155,070
	149,122	155,070

Balances outstanding between the Company and Liverpool Victoria Friendly Society:

	2009	2008
	£000	£000
Payable by the Company	13,661	17,874
	13,661	17,874

LV INSURANCE MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009

23. Ultimate parent society

The ultimate parent company is Liverpool Victoria Friendly Society Limited, a UK incorporated Friendly Society registered under the Friendly Societies Act 1992. The immediate parent company is Liverpool Victoria General Insurance Group Limited.

The largest and smallest company whose accounts this company is consolidated into is LV Friendly Society Limited. The consolidated accounts of Liverpool Victoria Friendly Society Limited are available to the public and may be obtained from

The Company Secretary
County Gates
Bournemouth
BH1 2NF

or at www.lv.com/aboutus/report