

COMPANY REGISTRATION NO 5636081

LV INSURANCE MANAGEMENT LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2010



LV INSURANCE MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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LV INSURANCE MANAGEMENT LIMITED

DIRECTORS, OFFICERS AND REGISTERED OFFICE

Directors

K W Abercromby	(Resigned 9 November 2010)
P M Bunker	
S V Castle	
S M Daniels	(Resigned 31 March 2010)
R C Dix	(Appointed 1 April 2010, resigned 31 January 2011)
M S Newton	(Appointed 31 March 2010, resigned 31 January 2011)
P W Moore	(Appointed 9 November 2010)
J B O'Roarke	
M J Rogers	
R A Warner	(Appointed 28 February 2011)
J M Webber	(Appointed 28 February 2011)

Secretary

P B Cassidy

Registered office

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

Independent auditor

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

LV INSURANCE MANAGEMENT LIMITED (COMPANY REGISTRATION NO 5636081)

DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements for the year to 31 December 2010

1. Results and dividends

The profit on ordinary activities for the year after taxation was £2,260,000 (2009 £38,000) No dividend was approved during the year (2009 £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 2010 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 2010 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 financial statements of 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 5636081)

DIRECTORS' REPORT

6. Parent company

The ultimate parent company is Liverpool Victoria Friendly Society Limited (LVFS), 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 LVFS 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 2010 or 2009.

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.

10. Disclosure of information to the auditor

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

21 March 2011

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 2010 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows 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 set out 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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 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 2010 and of its profit and cash flows 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

24 March 2011

LV INSURANCE MANAGEMENT LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £000	2009 £000
Other operating income	5	197,556	149,122
Total income		197,556	149,122
Other operating and administrative expenses	6	(197,556)	(149,124)
Total expenses		(197,556)	(149,124)
Profit/(loss) before tax		-	(2)
Income tax credit	9	2,260	40
Profit for the financial year		2,260	38
Total comprehensive income for the year		2,260	38

All balances relate to continuing business

The notes on pages 11 to 21 are an integral part of the financial statements

LV INSURANCE MANAGEMENT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Attributable to equity holders of the Company		
	Share capital	Accumulated losses	Total
	£000	£000	£000
Balance at 1 January 2010	10,045	(4,370)	5,675
Profit for the year	-	2,260	2,260
Balance at 31 December 2010	10,045	(2,110)	7,935

	Attributable to equity holders of the Company		
	Share capital	Accumulated losses	Total
	£000	£000	£000
Balance at 1 January 2009	10,045	(4,408)	5,637
Profit for the year	-	38	38
Balance at 31 December 2009	10,045	(4,370)	5,675

Notes on pages 11 to 21 are an integral part of the financial statements

LV INSURANCE MANAGEMENT LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	Note	2010 £000	2009 £000
Assets			
Property, plant and equipment	10	4,464	3,442
Deferred tax assets	11	1,687	-
Trade and other receivables	12	11,197	15,790
Cash and cash equivalents	13	4	11
Total assets		17,352	19,243
Liabilities			
Trade and other payables	14	8,253	13,568
Provisions	17	1,164	-
Total liabilities		9,417	13,568
Equity			
Share capital	18	10,045	10,045
Accumulated losses	19	(2,110)	(4,370)
Total equity		7,935	5,675
Total liabilities and equity		17,352	19,243

Notes on pages 11 to 21 are an integral part of the financial statements

These financial statements were approved by the Board of Directors on 21 March 2011 Signed on behalf of the Board of Directors



P W Moore
Director

LV INSURANCE MANAGEMENT LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010**

		2010	2009
	Note	£000	£000
Cash and cash equivalents at 1 January	13	11	17
Cash flows from:			
Operating activities			
Cash generated from operating activities	21	794	1,112
Group relief	9	132	-
Income tax refund	9	440	40
Net cash flows generated from operating activities		1,366	1,152
Investing activities			
Proceeds from sale of property and equipment	10	1,145	-
Purchase of property and equipment	10	(2,519)	(1,158)
Net cash flows used in investing activities		(1,374)	(1,158)
Net decrease in cash and cash equivalents		(8)	(6)
Cash and cash equivalents at 31 December	13	3	11

Notes on pages 11 to 21 are an integral part of the financial statements

LV INSURANCE MANAGEMENT LIMITED

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

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 financial statements 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 financial statements 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:

Land*	Not depreciated
Freehold buildings*	50 years
Leasehold property*	10 years or lease term if shorter
Fixtures, fittings and motor vehicles	3 to 10 years
IT hardware	3 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 which are dealt with below

Assets under construction represent the cost of assets under development. These assets are not depreciated, the total cost is transferred to the appropriate asset class on completion and then depreciated over their estimated useful lives

LV INSURANCE MANAGEMENT LIMITED

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

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 financial statements. However, if the deferred income tax arises from 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

CHANGES IN ACCOUNTING POLICIES

(i) Standards, amendments to published standards and interpretations effective on or after 1 January 2010

In 2010 there are no standards, amendments to published standards and interpretations relevant to the Company's operations

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

In 2010, the Company did not early adopt any new, revised or amended standards

(iii) Standards and interpretations effective in 2010 but not relevant to the Company's operations

IFRS 3 (revised), 'Business combinations'
IAS 27, 'Consolidated and separate financial statements'
IFRIC 17, 'Distribution of non-cash assets to owners'
IFRIC 18, 'Transfers of assets from customers'
IFRIC 9 & IAS 39, 'Reassessment of embedded derivatives'
IFRIC 16, 'Hedges of a net investment in a foreign operation'
IAS 1 'Presentation of financial statements'
IFRS 2 'Group cash-settled share-based payment transactions'
IFRS 5 'Non-current assets held for sale and discontinued operations'
IAS 36 (amendment), 'Impairment of assets'

(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 2011 or later periods, and the Company has not early adopted them

IFRS 9, 'Financial instruments'
Revised IAS 24 (revised), 'Related party disclosures'
'Classification of rights issues' (amendment to IAS 32)
IFRIC 19, 'Extinguishing financial liabilities with equity instruments'
'Prepayments of a minimum funding requirement' (amendments to IFRIC 14)

LV INSURANCE MANAGEMENT LIMITED

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

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 £7,935,000 (2009 £5,675,000), being net assets available to the Company.

5. Other operating income

	2010 £000	2009 £000
Management charges	197,556	149,122
	197,556	149,122

The Company operates in one business segment within the UK.

6. Other operating and administrative expenses

	2010 £000	2009 £000
Depreciation on property and equipment – owned	352	382
Operating lease rental charge on land and buildings	1,092	1,003
Auditors remuneration	7	7
Administrative expenses	129,540	128,070
Management charges	66,565	19,662
	197,556	149,124

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.

LV INSURANCE MANAGEMENT LIMITED

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

8. Auditor's remuneration

	2010 £000	2009 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	7	7
	7	7

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

9. Income tax credit

a) Current year tax credit

	2010 £000	2009 £000
Current year tax credit:		
Current tax		
Group relief	133	(611)
Prior year adjustment	440	651
Total current tax	573	40
Deferred tax		
Tax credit	1,687	-
Total deferred tax	1,687	-
Total income tax credit	2,260	40

b) Reconciliation of tax credit

	2010 £000	2009 £000
Profit/(loss) before tax	-	(2)
Permanent differences		
Disallowable expenses	(545)	(1,389)
Unprovided deferred tax asset	2,143	778
Deferred tax on temporary timing differences	164	-
Impact of change in UK tax rate on deferred tax	57	-
Adjustment to tax charge in respect of prior years	440	651
Total tax credit for the year	2,259	40

LV INSURANCE MANAGEMENT LIMITED

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

10. Property and equipment

	Leasehold property enhancements short	Fixtures and fittings	Motor vehicles	Assets under construction	Total
	£000	£000	£000	£000	£000
Cost.					
At 1 January 2010	3,809	404	63	-	4,276
Intragroup transfers	(1,241)	(97)	-	-	(1,338)
Additions	686	913	-	920	2,519
Disposals	(129)	-	-	-	(129)
At 31 December 2010	3,125	1,220	63	920	5,328
Depreciation:					
At 1 January 2010	784	40	10	-	834
Intragroup transfers	(273)	(17)	-	-	(290)
Provided in the year	268	63	21	-	352
Disposals	(32)	-	-	-	(32)
At 31 December 2010	747	86	31	-	864
Net book value at 31 December 2010	2,378	1,134	32	920	4,464

	Leasehold property enhancements short	Fixtures and fittings	Motor vehicles	Assets under construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 January 2009	2,993	125	-	-	3,118
Additions	816	279	63	-	1,158
At 31 December 2009	3,809	404	63	-	4,276
Depreciation					
At 1 January 2009	441	11	-	-	452
Provided in the year	343	29	10	-	382
At 31 December 2009	784	40	10	-	834
Net book value at 31 December 2009	3,025	364	53	-	3,442

Assets under construction relate to computer equipment is made up entirely of costs related to the claims centre system

LV INSURANCE MANAGEMENT LIMITED

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

11. Deferred tax asset

Deferred tax is provided at 28% (2009 28%) analysed over the following timing differences

	2010 £000	2009 £000
Amounts recorded in the statement of comprehensive income	1,687	-
Balance at 31 December	1,687	-

(i) Deferred taxation asset not recognised

	2010 £000	2009 £000
Accelerated capital allowances	-	2,143
	-	2,143

Deferred tax asset expected to be recovered after more than one year is £1,316,146 (2009 £nil)

Deferred tax balances have been measured taking into account the change in the rate of UK corporation tax from 28% to 27%. This change was substantively enacted on 20 July 2010 and will be effective from 1 April 2011.

Further reductions to the UK corporation tax rate were announced in the June 2010 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements. The impact of these proposed changes would have the effect of reducing the deferred tax asset to £1,569,733.

12. Trade and other receivables

	2010 £000	2009 £000
Amounts owed from group undertakings	7,589	13,661
Other receivables	3,608	2,129
	11,197	15,790

13. Cash and cash equivalents

	2010 £000	2009 £000
Bank balances	4	11
	4	11

14. Trade and other payables

	2010 £000	2009 £000
Accruals and deferred income	7,353	12,966
Other payables	899	602
	8,253	13,568

LV INSURANCE MANAGEMENT LIMITED

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

15. Maturity profile of financial assets

Maturity profile of financial assets 2010		Within 1 year £000	Over 1 year £000	Total £000
Property and equipment	10	-	4,464	4,464
Deferred tax	11	1,316	371	1,687
Trade and other receivables	12	11,197	-	11,197
Cash and cash equivalents	13	4	-	4
		12,517	4,835	17,352

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	12	15,791	-	15,791
Cash and cash equivalents	13	11	-	11
		15,802	3,442	19,244

16. Maturity profile of financial liabilities

Maturity profile of financial liabilities 2010		Within 1 year £000	Over 1 year £000	Total £000
Trade and other payables	14	8,253	-	8,253
Provision	17	492	672	1,164
		8,745	672	9,417

Maturity profile of financial liabilities 2009		Within 1 year £000	Total £000
Trade and other payables	14	13,568	13,568
		13,568	13,568

17. Provisions

	2010 £000	2009 £000
Balance at 1 January	-	188
Utilised during the year	-	(188)
Created during the year	1,164	-
Balance at 31 December	1,164	-

The provision of £188,000 was for early contract termination charges and was fully utilised in 2009
The 2010 addition of £1,164,000 relates to closed branches provision

LV INSURANCE MANAGEMENT LIMITED

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

18. Share capital

	2010	2009
	£000	£000
Authorised		
Ordinary 'A' shares of £1 each	n/a	9,543
Ordinary 'B' shares of £1 each	n/a	502
	n/a	10,045
	2010	2009
	£000	£000
Issued, allotted and fully paid		
Ordinary 'A' shares of £1 each	9,543	9,543
Ordinary 'B' shares of £1 each	502	502
	10,045	10,045

During 2010 the Company adopted new Articles of Association in line with the Companies Act 2006 and no longer has an authorised share capital

Ordinary 'B' shares

(a) The holders of the B ordinary shares do 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. Accumulated losses

	2010	2009
	£000	£000
Balance at 1 January	(4,370)	(4,408)
Profit for the year	2,260	38
Balance at 31 December	(2,110)	(4,370)

LV INSURANCE MANAGEMENT LIMITED

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

20. Annual lease commitments

As at 31 December 2010, the company had annual commitments under non-cancellable operating leases in respect of buildings as follows

	2010 £000	2009 £000
Operating leases which expire		
Within 1 year	1,083	1,017
In 2 to 5 years	3,966	3,858
Greater than 5 years	2,877	3,662
	7,926	8,537

21. Cash generated from operating activities

	2010 £000	2009 £000
Profit/(loss) before tax	-	(2)
Non cash items		
Depreciation on property and equipment	352	382
Changes in working capital		
Decrease in trade and receivables	4,593	2,719
Increase/(decrease) in provisions	1,164	(188)
Decrease in trade and other payables	(5,315)	(1,799)
Cash generated from operating activities	794	1,112

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 the Group

	2010 £000	2009 £000
Management charge income (with Liverpool Victoria Insurance Company Limited and Highway Insurance Company Limited)	197,556	149,122
Management charge expense (with LVFS)	(66,565)	(19,662)
	130,991	129,460

Balances outstanding between the Company and LVFS

	2010 £000	2009 £000
Payable to the Company	7,589	13,661
	7,589	13,661

LV INSURANCE MANAGEMENT LIMITED

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

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 financial statements this company is consolidated into is LV Friendly Society Limited. The consolidated financial statements 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