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**LIMITED LIABILITY PARTNERSHIP**

**Pen Hill LLP  
(Formerly Nomina No 100 LLP)**

**Financial Statements**

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**◆ For the year ended 31 December 2009 ◆**

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**Registered Number: OC321718**

## **Pen Hill LLP (Formerly Nomina No 100 LLP)**

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## **Pen Hill LLP (Formerly Nomina No 100 LLP)**

### **GENERAL INFORMATION**

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#### **DESIGNATED MEMBERS**

Nomina Designated Member No 1 Ltd

Nomina Designated Member No 2 Ltd

#### **MEMBERS' AGENT**

(Regulated by the Financial Services Authority)

Alpha Insurance Analysts Ltd

#### **AUDITORS**

Littlejohn LLP

Statutory Auditor

1 Westferry Circus

Canary Wharf

London

E14 4HD

#### **REGISTERED NUMBER**

OC321718

#### **REGISTERED OFFICE**

3 Castlegate

Grantham

Lincolnshire NG31 6SF

#### **ACCOUNTANTS**

Charles Taylor Insurance Services Limited

Lloyds Chambers

1 Portsoken Street

London

E1 8DF

# **Pen Hill LLP (Formerly Nomina No 100 LLP)**

## **MEMBERS' REPORT**

**For the year ended 31 December 2009**

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The Members present their report together with the Financial Statements for the year ended 31 December 2009

### **STATEMENT OF MEMBERS' RESPONSIBILITIES**

Legislation applicable to Limited Liability Partnerships requires the Members to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period

In preparing those Financial Statements, the Members 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 accounting standards have been followed, subject to any material departure disclosed and explained in the Financial Statements, and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclosure with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the Financial Statements comply with the Limited Liability Partnership Regulations. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

### **ACTIVITIES**

The principal activity of the Partnership in the year under review was that of a limited liability underwriting member of Lloyd's

The Limited Liability Partnership changed its name from Nomina No 100 LLP on 25 February 2010

### **RESULTS**

The financial statements incorporate the annual accounting results of the syndicates on which the Company participates for the 2007, 2008 and 2009 years of account

The result for the year is shown in the profit and loss account

### **FUTURE DEVELOPMENTS**

The Limited Liability Partnership continues to write insurance business in the Lloyd's insurance market as a limited liability underwriting member of Lloyd's

### **DESIGNATED MEMBERS**

The Designated Members during the period were as follows

Nomina Designated Member No 1 Ltd  
Nomina Designated Member No 2 Ltd

## **Pen Hill LLP (Formerly Nomina No 100 LLP)**

### **MEMBERS' REPORT**

**For the year ended 31 December 2009**

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#### **MEMBERS' INTERESTS**

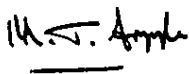
The net profit of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective profit shares for the relevant year(s) of account

The net loss of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective yearly shares for the relevant year(s) of account

#### **AUDITORS**

Littlejohn LLP have signified their willingness to act and continue to be appointed as the auditors to the Limited Liability Partnership

Approved by the Members on 13 July 2010 and signed on their behalf by

  
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**FIDENTIA NOMINEES LIMITED**  
Designated Member

## **Pen Hill LLP (Formerly Nomina No 100 LLP)**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF Pen Hill LLP (Formerly Nomina No 100 LLP) For the year ended 31 December 2009**

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We have audited the financial statements of Pen Hill LLP (Formerly Nomina No 100 LLP) for the year ended 31 December 2009. 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 LLP's members, as a body, in accordance with the Part 3 of Chapter 16 of the Companies Act 2006, as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the LLP's members those matters that we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body for our audit work, for this report, or for the opinion we have formed.

#### **Respective responsibilities of members and auditors**

The members' responsibilities for preparing the Members' Report and financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Members' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been properly prepared in accordance with the Companies Act 2006, as applicable to Limited Liability Partnerships, and give a true and fair view. We also report to you if, in our opinion, the LLP has not kept adequate accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Members' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistency with the financial statements. Our responsibility does not extend to other information.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the LLP's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Pen Hill LLP (Formerly Nomina No 100 LLP)**

### **INDEPENDENT AUDITORS' REPORT (continued)**

#### **Opinion**

In our opinion

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, as applicable to Limited Liability Partnerships, and
- the financial statements give a true and fair view of the state of affairs of the LLP as at 31 December 2009 and of the profit/(loss) of the LLP for the year then ended



**Carmine Papa (Senior statutory auditor)  
For and on behalf of Littlejohn LLP  
Statutory Auditor**

**1 Westferry Circus  
Canary Wharf  
London E14 4HD**

Date **30** July 2010

# Pen Hill LLP (Formerly Nomina No 100 LLP)

## PROFIT & LOSS ACCOUNT – TECHNICAL ACCOUNT – GENERAL BUSINESS For the year ended 31 December 2009

	Note	2009 £	2008 £
<b>Earned premiums, net of reinsurance</b>			
<b>Gross premiums written</b>			
Continuing operations	1	14,844,357	13,783,045
Outward reinsurance premiums	1	(2,794,210)	(2,288,312)
<b>Net premiums written</b>		<u>12,050,147</u>	<u>11,494,733</u>
<b>Change in the provision for unearned premiums</b>			
Gross provision		667,736	146,265
Reinsurers' share		41,692	(9,350)
<b>Earned premiums, net of reinsurance</b>		<u>12,759,575</u>	<u>11,631,648</u>
Allocated investment return transferred from the non-technical account		791,556	324,914
Other technical income, net of reinsurance		73,280	(11,037)
<b>Claims incurred net of reinsurance claims paid</b>			
Gross amount	1	(8,767,519)	(3,674,317)
Reinsurers' share	1	1,431,244	448,098
<b>Net claims paid</b>		<u>(7,336,275)</u>	<u>(3,226,219)</u>
<b>Change in provision for claims</b>			
Gross amount	1	2,026,509	(5,984,833)
Reinsurers' share	1	(427,763)	1,237,230
<b>Net change in provisions for claims</b>		<u>1,598,746</u>	<u>(4,747,603)</u>
<b>Claims incurred, net of reinsurance</b>		<u>(5,737,529)</u>	<u>(7,973,822)</u>
Changes in other technical provisions, net of reinsurance		-	-
Net operating expenses	2	(4,411,925)	(3,746,208)
Other technical charges, net of reinsurance		-	-
<b>Balance on the technical account for general business</b>		<u>3,474,957</u>	<u>225,495</u>

The accounting policies and notes on pages 12 to 21 form part of these Financial Statements



## Pen Hill LLP (Formerly Nomina No 100 LLP)

### PROFIT & LOSS ACCOUNT – NON TECHNICAL ACCOUNT For the year ended 31 December 2009

	Note	2009 £	2008 £
<b>Balance on general business technical account</b>		3,474,957	225,495
Investment income	3	992,488	543,121
Unrealised gains on investments		324,477	113,083
Investment expenses and charges	4	(328,248)	(205,982)
Unrealised losses on investments		(196,657)	(124,792)
Allocated investment return transferred to the general business technical account		(791,556)	(324,914)
Other income		31,983	(59,466)
Other charges		(638,018)	384,504
<b>Profit/(loss) for the financial period before Members' remuneration and profit shares</b>	5	<b>2,869,426</b>	<b>551,049</b>
Members' remuneration charged as an expense	6	-	-
<b>Profit/(loss) for the financial period available for division among Members</b>	9	<b>2,869,426</b>	<b>551,049</b>

The Limited Liability Partnership has no recognised gains or losses other than the profit or loss for the year

All items derive from continuing activities

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

The accounting policies and notes on pages 12 to 21 form part of these Financial Statements

# Pen Hill LLP (Formerly Nomina No 100 LLP)

## BALANCE SHEET As at 31 December 2009

	Note	31 December 2009			31 December 2008		
		Syndicate Participation £	Partnership £	Total £	Syndicate Participation £	Partnership £	Total £
<b>Assets</b>							
<b>Intangible assets</b>	7	-	675,319	675,319	-	1,014,899	1,014,899
<b>Investments</b>							
Financial investments	8	18,436,736	-	18,436,736	8,898,317	-	8,898,317
Deposits with ceding undertakings		7,689	-	7,689	3,777	-	3,777
		18,444,425	-	18,444,425	8,902,094	-	8,902,094
<b>Reinsurers' share of technical provisions</b>							
Provision for unearned premiums		719,135	-	719,135	658,485	-	658,485
Claims outstanding		4,077,932	-	4,077,932	2,081,375	-	2,081,375
Other technical provisions		-	-	-	-	-	-
		4,797,067	-	4,797,067	2,739,860	-	2,739,860
<b>Debtors</b>							
Arising out of direct insurance operations		3,487,781	-	3,487,781	3,184,090	-	3,184,090
Arising out of reinsurance operations		3,883,705	-	3,883,705	3,877,738	-	3,877,738
Other debtors		1,819,205	-	1,819,205	921,317	-	921,317
		9,190,691	-	9,190,691	7,983,145	-	7,983,145
<b>Other assets</b>							
Cash at bank and in hand		957,347	30	957,377	910,132	-	910,132
Other		1,391,264	-	1,391,264	404,080	-	404,080
		2,348,611	30	2,348,641	1,314,212	-	1,314,212
<b>Prepayments and accrued income</b>							
Accrued interest		72,583	-	72,583	29,448	-	29,448
Deferred acquisition costs		1,531,843	-	1,531,843	1,518,468	-	1,518,468
Other prepayments and accrued income		60,490	-	60,490	40,927	-	40,927
		1,664,916	-	1,664,916	1,588,843	-	1,588,843
<b>Total assets</b>		36,445,710	675,349	37,121,059	22,528,154	1,014,899	23,543,053


The accounting policies and notes on pages 12 to 21 form part of these Financial Statements

# Pen Hill LLP (Formerly Nomina No 100 LLP)

## BALANCE SHEET As at 31 December 2009

	Note	31 December 2009			31 December 2008		
		Syndicate Participation £	Partnership £	Total £	Syndicate Participation £	Partnership £	Total £
<b>Liabilities and Members' interests</b>							
<b>Members' interests due within one year</b>							
Members' capital classified as a liability under FRS 25	9	4,749,356	237,022	4,986,378	1,570,263	874,525	2,444,788
<b>Technical provisions</b>							
Provision for unearned premiums		5,812,477	-	5,812,477	6,186,090	-	6,186,090
Claims outstanding – gross amount		21,462,774	-	21,462,774	11,737,244	-	11,737,244
Other technical provisions		-	-	-	-	-	-
<b>Provisions for other risks and charges</b>		-	-	-	-	-	-
<b>Deposit received from reinsurers</b>		116,260	-	116,260	62,065	-	62,065
<b>Creditors</b>							
Arising out of direct insurance operations		1,026,879	-	1,026,879	403,183	-	403,183
Arising out of reinsurance operations		1,628,203	-	1,628,203	1,578,928	-	1,578,928
Amounts owed to credit institutions		846	-	846	614	-	614
Other creditors including taxation and social security		1,844,470	3,078	1,847,548	987,568	3,077	990,645
		31,891,909	3,078	31,894,987	20,955,692	3,077	20,958,769
<b>Accruals and deferred income</b>		(195,555)	435,249	239,694	2,199	137,297	139,496
<b>Total liabilities</b>		36,445,710	675,349	37,121,059	22,528,154	1,014,899	23,543,053

The Financial Statements were approved by the Members of the Limited Liability Partnership and signed on its behalf by



FIDENTIA NOMINEES LIMITED  
13 July 2010

Registered Number OC321718

The accounting policies and notes on pages 12 to 21 form part of these Financial Statements

## Pen Hill LLP (Formerly Nomina No 100 LLP)

### CASH FLOW STATEMENT

For the year ended 31 December 2009

	Note	2009 £	2008 £
<b>Operating activities</b>			
Net cash inflow/(outflow) from operating activities	10(a)	282,520	107,427
<b>Returns on investments and servicing of finance</b>			
Interest received		-	-
Interest paid		-	-
<b>Capital expenditure</b>			
Purchase of syndicate capacity		-	(55,480)
Proceeds from sale of syndicate capacity		45,000	55,930
<b>Transactions with Members and former Members</b>			
Payment to Members		-	-
Contributions by Members		(327,490)	(107,877)
Post retirement payments to former Members		-	-
Net cash inflow/(outflow) for the year	10(b)	30	-
<b>Cash flows were invested as follows</b>			
Increase/(decrease) in cash holdings		30	-
Purchase of financial investments		-	-
Sale of financial investments		-	-
Net investment of cash flows	10(b)	30	-

The Limited Liability Partnership 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 Limited Liability Partnership funds, which includes transfers to and from the syndicates at Lloyd's.

The accounting policies and notes on pages 12 to 21 form part of these Financial Statements

# **Pen Hill LLP (Formerly Nomina No 100 LLP)**

## **STATEMENT OF ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

The Financial Statements are prepared under the historical cost basis of accounting modified to include the revaluation of investments and comply with applicable Accounting Standards

The Limited Liability Partnership participates in insurance business as an underwriting member of various syndicates at Lloyd's

The Financial Statements have been prepared in accordance with Section 1164 and 1165 of the Companies Act 2006, and Schedule 3 of SI 2008 (No 410), the large and medium sized companies and groups (accounts and report) regulations 2008, and the recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2005, as amended in December 2006. The Financial Statements have also been prepared in accordance with the Statement of Recommended Practice on Accounting by Limited Liability Partnerships dated March 2006

Accounting information in respect of the syndicate participations has been provided by the syndicate managing agents and has been reported upon by the syndicate auditors

### **GOING CONCERN**

The partnership participates as an underwriting member of Lloyd's. Its underwriting is supported by Funds at Lloyd's either made available by the partnership directly or by its members. The members are of the opinion that the partnership has adequate resources to meet its underwriting and other operational obligations for the foreseeable future. Accordingly, the going concern concept has been adopted in preparation of the financial statements

### **BASIS OF ACCOUNTING**

The Financial Statements are prepared using the annual basis of accounting. Under the annual basis of accounting a result is determined at the end of each accounting period reflecting the profit or loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods

Amounts reported in the general business technical account relate to movements in the period in respect of all relevant years of account of the syndicates on which the Limited Liability Partnership participates

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the syndicates' managing agents. Accordingly, these assets and liabilities have been shown separately in the balance sheet as "Syndicate Participation". Other assets and liabilities are shown as "Partnership". The syndicate assets are held subject to trust deeds for the benefit of the syndicates' insurance creditors

The information included in these Financial Statements in respect of the syndicates has been supplied by Managing Agents based upon the various accounting policies they have adopted. The following describes the policies they have adopted

### **General Business**

#### **i. Premiums**

Premiums written comprise the total premiums receivable in respect of business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the syndicates on which the Limited Liability Partnership participates, less an allowance for cancellations. All premiums are shown gross of commission payable to intermediaries and exclude taxes and duties levied on them

## **Pen Hill LLP (Formerly Nomina No 100 LLP)**

### **STATEMENT OF ACCOUNTING POLICIES (continued)**

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#### **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.

#### **v. Claims Incurred and Reinsurers' Share**

Claims incurred comprise claims and settlement expenses (both internal and external) occurring in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and settlement expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

The provision for claims outstanding comprises amounts set aside for claims notified and claims incurred but not yet reported (IBNR). The amount included in respect of IBNR is based on statistical techniques of estimation applied by each syndicate's in-house reserving team and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to each syndicate's reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. Each syndicate uses a number of statistical techniques to assist in making these estimates.

Accordingly the two most critical assumptions made by each syndicate's managing agent as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used including pricing models for recent business are reasonable indicators of the likely level of ultimate claims to be incurred.

The level of uncertainty with regard to the estimations within these provisions generally decreases with time since the underlying contracts were exposed to new risks. In addition the nature of short tail claims such as property where claims are typically notified and settled within a short period of time will normally have less uncertainty after a few years than long tail risks such as some liability business where it may be several years before claims are fully advised and settled. In addition to these factors if there are disputes regarding coverage under policies or changes in the relevant law regarding a claim this may increase the uncertainty in the estimation of the outcomes.

The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses. The provisions for gross claims and related reinsurance recoveries have been assessed on the basis of the information currently available to the directors of each syndicate's managing agent. However, ultimate liability will vary as a result of

## **Pen Hill LLP (Formerly Nomina No 100 LLP)**

### **STATEMENT OF ACCOUNTING POLICIES (continued)**

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#### **v Claims Incurred and Reinsurers' Share**

subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the Financial Statements for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

#### **vi. Unexpired Risks Provision**

Provisions for unexpired risks are made where the costs of outstanding claims, related expenses and deferred acquisition costs are expected to exceed the unearned premium provision carried forward at the balance sheet date. The provision for unexpired risks is calculated separately by reference to classes of business which are managed together, after taking into account relevant investment return. The provision is made on a syndicate by syndicate basis by the relevant managing agent.

#### **vii. 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 year of account 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 Members 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 Limited Liability Partnership 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.

#### **viii. Run-off Years of Account**

Where a 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 underwriting 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.

#### **ix. Net Operating Expenses (including Acquisition Costs)**

Net operating costs include acquisition costs, profit and loss on exchange and other amounts incurred by the syndicates on which the Limited Liability Partnership participates.

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts, are deferred to the extent that they are attributable to premiums unearned at the Balance Sheet date.

# **Pen Hill LLP (Formerly Nomina No 100 LLP)**

## **STATEMENT OF ACCOUNTING POLICIES (continued)**

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### **x. 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 underwriting members. Lloyd's continues to require membership of syndicates to be on a year of account basis and profits and losses belong to underwriting members according to their membership of a year of account. Normally profits and losses are transferred between the syndicate and underwriting 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.

### **xi. Investments**

Investments are stated at current value, including accrued interest at the Balance Sheet date.

### **xii. Investment Return**

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges.

Realised and unrealised gains and losses are measured by reference to the original cost of the investment if purchased in the year, or if held at the beginning of the year by reference to the current value at that date.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account to reflect the investment return on funds supporting the underwriting business.

### **xiii. Basis of Currency Translation**

Syndicates maintain separate funds in Sterling, United States dollars, Canadian dollars and Euros.

Income and expenditure in US dollars, Canadian dollars and Euros is translated at the average rate of exchange for the year. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

Assets and liabilities are translated into Sterling at the rates of exchange at the Balance Sheet date.

Differences arising on translation of foreign currency amounts in syndicates are included in the non-technical account.

### **xiv. 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 as processed by the Lloyd's central facility, 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.

### **Members' Interests**

The net profit of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective profit shares for the relevant year(s) of account.

The net loss of the Limited Liability Partnership for the financial year is allocated to each Member in accordance with their respective yearly shares for the relevant year(s) of account.

Loans and other debts due to Members rank *pari passu* with other unsecured creditors on the winding up of a partnership.



## **Pen Hill LLP (Formerly Nomina No 100 LLP)**

### **STATEMENT OF ACCOUNTING POLICIES (continued)**

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#### **Taxation**

Income tax payable on the Partnership's profits is solely the personal liability of the Members and consequently is not dealt with in these Financial Statements

#### **Intangible Assets**

Costs incurred by the Partnership in the Corporation of Lloyd's auctions in order to acquire rights to participate on syndicates' underwriting years are included within intangible fixed assets and amortised over a 5 year period beginning in the year the underwriting commences in respect of the purchased syndicate participation

#### **Cash Flow Statement**

The Limited Liability Partnership 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 syndicates at Lloyd's

# Pen Hill LLP (Formerly Nomina No 100 LLP)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

### 1. Class of Business

2009	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
<b>Direct Insurance</b>						
Accident and health	531,079	506,841	(244,217)	(198,861)	(31,928)	31,835
Motor – third party liability	39,123	46,550	(25,107)	(11,997)	(3,584)	5,862
Motor – other classes	1,216,327	1,138,929	(894,599)	(305,152)	(11,788)	(72,610)
Marine, aviation and transport	1,877,060	1,872,867	(735,989)	(500,013)	(211,256)	425,609
Fire and other damage to property	3,153,209	3,205,591	(1,506,973)	(994,951)	(353,414)	350,253
Third party liability	2,147,628	2,274,859	(906,557)	(699,464)	(99,979)	568,859
Credit and suretyship	179,499	181,065	(210,918)	(39,755)	16,050	(53,558)
Legal expenses	14,493	15,054	(8,544)	(5,132)	(121)	1,257
Assistance	-	-	-	-	-	-
Miscellaneous	393,693	455,949	(133,755)	(237,814)	(50,451)	33,929
<b>Total Direct</b>	<b>9,552,111</b>	<b>9,697,705</b>	<b>(4,666,659)</b>	<b>(2,993,139)</b>	<b>(746,471)</b>	<b>1,291,436</b>
<b>Reinsurance</b>	<b>5,292,246</b>	<b>5,814,388</b>	<b>(2,074,351)</b>	<b>(1,418,786)</b>	<b>(1,002,566)</b>	<b>1,318,685</b>
<b>Total</b>	<b>14,844,357</b>	<b>15,512,093</b>	<b>(6,741,010)</b>	<b>(4,411,925)</b>	<b>(1,749,037)</b>	<b>2,610,121</b>

2008	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
<b>Direct Insurance</b>						
Accident and health	403,357	392,824	(177,792)	(185,921)	(15,661)	13,450
Motor – third party liability	40,628	43,461	(24,969)	(15,127)	(687)	2,678
Motor – other classes	1,089,615	1,157,789	(853,120)	(361,997)	(24,253)	(81,581)
Marine, aviation and transport	1,620,043	1,673,383	(1,509,114)	(455,402)	84,067	(207,066)
Fire and other damage to property	2,948,954	3,008,710	(2,224,293)	(968,285)	(74,621)	(258,489)
Third party liability	2,091,638	2,168,813	(1,630,826)	(629,569)	(24,352)	(115,934)
Credit and suretyship	161,404	146,182	(60,317)	(50,081)	(24,554)	11,230
Legal expenses	14,600	12,646	(7,214)	(4,450)	(911)	71
Assistance	-	-	-	-	-	-
Miscellaneous	443,838	385,973	(199,571)	(163,316)	(39,761)	(16,675)
<b>Total Direct</b>	<b>8,814,077</b>	<b>8,989,781</b>	<b>(6,687,216)</b>	<b>(2,834,148)</b>	<b>(120,733)</b>	<b>(652,316)</b>
<b>Reinsurance</b>	<b>4,968,968</b>	<b>4,939,529</b>	<b>(2,971,934)</b>	<b>(912,060)</b>	<b>(491,601)</b>	<b>563,934</b>
<b>Total</b>	<b>13,783,045</b>	<b>13,929,310</b>	<b>(9,659,150)</b>	<b>(3,746,208)</b>	<b>(612,334)</b>	<b>(88,382)</b>

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

# Pen Hill LLP (Formerly Nomina No 100 LLP)

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2009

<b>2. Net Operating Expenses</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Acquisition costs	3,331,908	3,210,037
Change in deferred acquisition costs	179,226	(42,415)
Administrative expenses	464,614	383,316
Reinsurance commissions and profit participations	(289,004)	(169,077)
Personal expenses	725,181	364,347
	<b>4,411,925</b>	<b>3,746,208</b>
<b>3. Investment Income</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Income from investments	630,069	273,597
Gains on the realisation of investments	361,915	269,008
Bank deposit interest	504	516
	<b>992,488</b>	<b>543,121</b>
<b>4. Investment Expenses and Charges</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Investment management expenses, including interest	27,500	7,839
Losses on the realisation of investments	300,748	198,143
	<b>328,248</b>	<b>205,982</b>
<b>5. Profit/(Loss) for the Financial Period Before Members' Remuneration and Profit Shares</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
The profit/(loss) on ordinary activities is stated after charging/(crediting)		
Amortisation of syndicate capacity	326,563	319,807
(Profit)/loss on disposal of syndicate capacity	(31,983)	59,466
(Profit)/loss on exchange	299,383	(712,243)
Interest on bank loans and overdrafts	-	-
Other interest	-	-

The Limited Liability Partnership has no employees

The auditors, Littlejohn LLP, charge a fixed fee to Nomina PLC for the provision of the audit of the company  
This fee is included within the service fee charged to the company by Nomina PLC and equates to approximately  
£95 (2008 £112)

# Pen Hill LLP (Formerly Nomina No 100 LLP)

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2009

### 6. Members' Remuneration

The average number of Members during the period was 3

### 7. Intangible Assets

	2009 £	2008 £
<b>Purchased syndicate capacity</b>		
<b>Cost</b>		
At 1 January 2009	1,654,512	1,743,277
Additions	-	55,480
Disposals	(21,695)	(144,245)
At 31 December 2009	1,632,817	1,654,512
<b>Amortisation</b>		
At 1 January 2009	639,613	348,655
Provided during the year	326,563	319,807
Disposals	(8,678)	(28,849)
At 31 December 2009	957,498	639,613
<b>Net Book Value</b>		
At 31 December 2009	675,319	1,014,899
At 31 December 2008	1,014,899	1,394,622

### 8. Investments

#### Other financial investments - Syndicate

	2009 Market Value £	2009 Cost £	2008 Market Value £	2008 Cost £
Shares and other variable yield securities and units in unit trusts	1,205,794	1,172,270	435,688	434,105
Debt securities and other fixed income securities	16,582,111	16,526,376	8,111,902	8,088,878
Participation in investment pools	406,800	371,557	140,312	153,539
Loans secured by mortgages	36,945	39,813	26,452	32,186
Other loans	549	549	29,739	29,701
Deposits with credit institutions	174,917	174,231	144,523	144,297
Other	29,620	31,924	9,701	23,322
	18,436,736	18,316,720	8,898,317	8,906,028
Listed investments included within the above	18,194,705	18,070,203	8,687,902	8,676,522

# **Pen Hill LLP (Formerly Nomina No 100 LLP)**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 31 December 2009**

### **9. Members' Interests**

	Syndicate	Limited Liability Partnership Members' Capital Classified as a Liability		Total
	Members' Capital Classified as a Liability £	Syndicate Capacity £	Other Profits £	£
Members' interests at 1 January 2009	1,570,263	1,015,069	(140,544)	2,444,788
Introduced by Members	-	(44,760)	(282,730)	(327,490)
Allocated profits/(losses) 2007 year of account	1,336,471	-	-	1,336,471
Allocated profits/(losses) 2008 year of account	977,890	-	-	977,890
Allocated profits/(losses) 2009 year of account	865,078	(294,580)	(15,433)	555,065
Reallocation	-	-	-	-
Repayment of debt (including Members' capital classified as a liability)	-	-	-	-
Other movements	(346)	-	-	(346)
Members' interests at 31 December 2009	4,749,356	675,729	(438,707)	4,986,378

# Pen Hill LLP (Formerly Nomina No 100 LLP)

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2009

10. (a) Reconciliation of Operating Profit/(Loss) to Net Cash Inflow/(Outflow) from Operating Activities	2009	2008
	£	£
Profit/(loss) on ordinary activities before tax	2,869,426	551,049
(Profit)/loss attributable to syndicate transactions	(3,179,439)	(963,269)
Profit/(loss) – excluding syndicate transactions	(310,013)	(412,220)
(Increase)/decrease in debtors	-	-
Increase/(decrease) in creditors	297,953	140,374
(Profit)/loss on disposal of syndicate capacity	(31,983)	59,466
Amortisation of syndicate capacity	326,563	319,807
Impairment of syndicate capacity	-	-
Realised/unrealised (gains)/losses on investments	-	-
Net cash inflow/(outflow) from operating activities	282,520	107,427

### (b) Movement in Cash, Portfolio Investments and Financing

	At 1 January 2009	Cash Flow	Changes to Market Value	At 31 December 2009
	£	£	£	£
Cash	-	30	-	30
Other financial investments	-	-	-	-
	-	30	-	30

### 11. Related Party Disclosure

There are no related party transactions to be disclosed

### 12. Ultimate Controlling Party

The ultimate controlling party of the Partnership is Mr R F M Adair