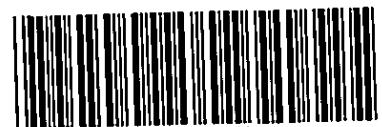

LIMITED LIABILITY PARTNERSHIP

Glen Protea LLP

Financial Statements

◆ For the year ended 31 December 2008 ◆

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Registered Number: OC322767

Glen Protea LLP

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Glen Protea LLP

GENERAL INFORMATION

DESIGNATED MEMBERS

Argenta Continuity Limited
Argenta LLP Services Limited

MEMBERS' AGENT

(Regulated by the Financial Services Authority)
Argenta Private Capital Limited

AUDITORS

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

REGISTERED NUMBER

OC322767

REGISTERED OFFICE

Fountain House
130 Fenchurch Street
London, EC3M 5DJ

ACCOUNTANTS

Axiom Consulting Limited
Lloyds Chambers
1 Portsoken Street
London
E1 8DF

Glen Protea LLP

MEMBERS' REPORT

For the year ended 31 December 2008

The Members present their report together with the Financial Statements for the period ended 31 December 2008.

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 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 ensuring that proper and up to date books of account are maintained in accordance with generally accepted accounting principles, and disclose 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.

RESULTS

The Financial Statements incorporate the annual accounting results of the syndicates on which the Partnership participates for the 2008 year of account. The 2008 year of account will normally close at 31 December 2010.

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

FUTURE DEVELOPMENTS

The 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:

Argenta Continuity Limited
Argenta LLP Services Limited

Glen Protea LLP

MEMBERS' REPORT **For the year ended 31 December 2008**

MEMBERS' INTERESTS

The net profit of the 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 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

Mazars LLP have signified their willingness to act and continue to be appointed as the auditors to the Partnership.

Approved by the Members on 14 May 2009 and signed on their behalf by:



Argenta LLP Services Limited
Designated Member

Glen Protea LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF Glen Protea LLP For the year ended 31 December 2008

We have audited the Financial Statements of Glen Protea LLP for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and related notes. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Partnership's Members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Partnership's Members those matters 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 Partnership and the Partnership's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Members and auditors

As described in the Statement of Members' Responsibilities, the Partnership's Members are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards of Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view, whether the Financial Statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Members' Report is consistent with the Financial Statements. We also report to you if, in our opinion, the Partnership has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Members' remuneration and transactions with the Partnership is not disclosed.

We read the Members' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards of Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes 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 Partnership's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered 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.


Glen Protea LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF Glen Protea LLP For the year ended 31 December 2008

Opinion

In our opinion:

- the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Partnership's affairs as at 31 December 2008 and of its result for the year then ended;
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Members' Report is consistent with the Financial Statements.



Mazars LLP
Chartered Accountants and Registered Auditors
Tower Bridge House
St Katharine's Way
London
E1W 1DD
Date: 19 May 2009

Glen Protea LLP

PROFIT & LOSS ACCOUNT – TECHNICAL ACCOUNT – GENERAL BUSINESS

For the year ended 31 December 2008

	Note	2008 £	2007 £
Earned premiums, net of reinsurance			
Gross premiums written			
Continuing operations	1	1,649,133	1,800,434
Outward reinsurance premiums	1	(273,881)	(310,431)
Net premiums written		<u>1,375,252</u>	<u>1,490,003</u>
Change in the provision for unearned premiums			
Gross provision		75,474	(721,318)
Reinsurers' share		(3,828)	84,844
Earned premiums, net of reinsurance		<u>1,446,898</u>	<u>853,529</u>
Allocated investment return transferred from the non-technical account		31,037	16,155
Other technical income, net of reinsurance		-	-
Claims incurred net of reinsurance claims paid			
Gross amount	1	(437,530)	(89,511)
Reinsurers' share	1	53,382	11,274
Net claims paid		<u>(384,148)</u>	<u>(78,237)</u>
Change in provision for claims			
Gross amount	1	(695,376)	(469,735)
Reinsurers' share	1	144,739	64,681
Net change in provisions for claims		<u>(550,637)</u>	<u>(405,054)</u>
Claims incurred, net of reinsurance		<u>(934,785)</u>	<u>(483,291)</u>
Changes in other technical provisions, net of reinsurance		-	-
Net operating expenses	2	(497,043)	(322,004)
Other technical charges, net of reinsurance		-	-
Balance on the technical account for general business		<u>46,107</u>	<u>64,389</u>

The accounting policies and notes on pages 12 to 20 form part of these Financial Statements

Glen Protea LLP

PROFIT & LOSS ACCOUNT – NON TECHNICAL ACCOUNT For the year ended 31 December 2008

	Note	2008 £	2007 £
Balance on general business technical account		46,107	64,389
Investment income	3	70,256	18,065
Unrealised gains on investments		12,667	3,838
Investment expenses and charges	4	(28,916)	(4,585)
Unrealised losses on investments		(21,230)	(653)
Allocated investment return transferred to the general business technical account		(31,037)	(16,155)
Other income		10,779	32,310
Other charges		66,603	(45,015)
Profit/(loss) for the financial period before Members' remuneration and profit shares	5	<u>125,229</u>	<u>52,194</u>
Members' remuneration charged as an expense	6	<u>-</u>	<u>-</u>
Profit/(loss) for the financial period available for division among Members	9	<u>125,229</u>	<u>52,194</u>

The 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 20 form part of these Financial Statements

Glen Protea LLP

BALANCE SHEET As at 31 December 2008

		31 December 2008			31 December 2007		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Assets							
Intangible assets	7	-	85,463	85,463	-	125,196	125,196
Investments							
Financial investments	8	1,372,347	-	1,372,347	461,998	-	461,998
Deposits with ceding undertakings		556	-	556	485	-	485
		1,372,903	-	1,372,903	462,483	-	462,483
Reinsurers' share of technical provisions							
Provision for unearned premiums		96,487	-	96,487	-	-	-
Claims outstanding		267,911	-	267,911	150,477	-	150,477
Other technical provisions		-	-	-	-	-	-
		364,398	-	364,398	150,477	-	150,477
Debtors							
Arising out of direct insurance operations		410,794	-	410,794	269,329	-	269,329
Arising out of reinsurance operations		232,862	-	232,862	174,958	-	174,958
Other debtors		121,450	-	121,450	159,998	-	159,998
		765,106	-	765,106	604,285	-	604,285
Other assets							
Cash at bank and in hand		86,896	39,936	126,832	82,417	63,503	145,920
Other		71,043	-	71,043	19,799	-	19,799
		157,939	39,936	197,875	102,216	63,503	165,719
Prepayments and accrued income							
Accrued interest		2,619	-	2,619	1,535	-	1,535
Deferred acquisition costs		193,229	-	193,229	174,353	-	174,353
Other prepayments and accrued income		5,985	-	5,985	2,339	-	2,339
		201,833	-	201,833	178,227	-	178,227
Total assets		2,862,179	125,399	2,987,578	1,497,688	188,699	1,686,387

The accounting policies and notes on pages 12 to 20 form part of these Financial Statements

Glen Protea LLP

BALANCE SHEET As at 31 December 2008

		31 December 2008			31 December 2007		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Liabilities and Members' interests							
Members' interests due within one year							
Members' capital classified as a liability under FRS 25	9	209,080	120,275	329,355	66,362	187,476	253,838
Technical provisions							
Provision for unearned premiums		781,630	-	781,630	726,409	-	726,409
Claims outstanding – gross amount		1,470,183	-	1,470,183	474,667	-	474,667
Other technical provisions		-	-	-	-	-	-
Provisions for other risks and charges							
		-	-	-	-	-	-
Deposit received from reinsurers		9,087	-	9,087	-	-	-
Creditors							
Arising out of direct insurance operations		52,989	-	52,989	61,740	-	61,740
Arising out of reinsurance operations		198,459	-	198,459	117,007	-	117,007
Amounts owed to credit institutions		-	-	-	-	-	-
Other creditors including taxation and social security		124,660	-	124,660	45,214	1,223	46,437
		2,637,008	-	2,637,008	1,425,037	1,223	1,426,260
Accruals and deferred income		16,091	5,124	21,215	6,289	-	6,289
Total liabilities		2,862,179	125,399	2,987,578	1,497,688	188,699	1,686,387

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



Argenta LLP Services Limited
14 May 2009

The accounting policies and notes on pages 12 to 20 form part of these Financial Statements

Glen Protea LLP

CASH FLOW STATEMENT For the year ended 31 December 2008

	Note	2008 £	2007 £
Operating activities			
Net cash inflow/(outflow) from operating activities	10(a)	4,123	(13,956)
Returns on investments and servicing of finance			
Interest received		-	-
Interest paid		-	-
Capital expenditure			
Purchase of syndicate capacity		-	(187,390)
Proceeds from sale of syndicate capacity		22,025	63,205
Transactions with Members and former Members			
Payment to Members		-	-
Contributions by Members		(49,715)	201,644
Post retirement payments to former Members		-	-
Net cash inflow/(outflow) for the year	10(b)	<u>(23,567)</u>	<u>63,503</u>
 Cash flows were invested as follows:			
Increase/(decrease) in cash holdings		(23,567)	63,503
Purchase of financial investments		-	-
Sale of financial investments		-	-
Net investment of cash flows	10(b)	<u>(23,567)</u>	<u>63,503</u>

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

The accounting policies and notes on pages 12 to 20 form part of these Financial Statements

Glen Protea LLP

STATEMENT OF ACCOUNTING POLICIES

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 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 255 of, and Schedule 9A of the Companies Act 1985 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.

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 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.

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 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.

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.

STATEMENT OF ACCOUNTING POLICIES (continued)

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 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.

STATEMENT OF ACCOUNTING POLICIES (continued)

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 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 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.

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.

Glen Protea LLP

STATEMENT OF ACCOUNTING POLICIES (continued)

xii. Investment Return (continued)

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 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 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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

1. Class of Business

2008	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	73,334	75,072	(33,448)	(34,783)	(3,925)	2,916
Motor – third party liability	6,324	7,231	(4,121)	(2,615)	(138)	357
Motor – other classes	101,006	120,365	(87,315)	(37,475)	(1,908)	(6,333)
Marine, aviation and transport	235,281	244,422	(219,227)	(68,777)	13,397	(30,185)
Fire and other damage to property	439,074	463,016	(315,212)	(149,077)	(9,438)	(10,711)
Third party liability	267,332	269,969	(194,962)	(94,033)	(5,131)	(24,157)
Credit and suretyship	25,060	24,858	(10,576)	(8,991)	(3,141)	2,150
Legal expenses	2,291	2,268	(1,279)	(855)	(114)	20
Assistance	-	-	-	-	-	-
Miscellaneous	4,578	4,650	(1,901)	(2,226)	-	523
	1,154,280	1,211,851	(868,041)	(398,832)	(10,398)	(65,420)
Reinsurance	494,853	512,756	(264,865)	(98,211)	(69,190)	80,490
Total	1,649,133	1,724,607	(1,132,906)	(497,043)	(79,588)	15,070

2007	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	69,100	36,214	(20,127)	(15,832)	(3,238)	(2,983)
Motor – third party liability	5,049	2,129	(1,419)	(915)	(37)	(242)
Motor – other classes	136,805	69,512	(51,290)	(19,220)	(3,741)	(4,739)
Marine, aviation and transport	239,941	138,314	(81,199)	(39,627)	(22,049)	(4,561)
Fire and other damage to property	437,584	215,539	(110,664)	(78,287)	(27,676)	(1,088)
Third party liability	279,257	139,594	(103,666)	(47,796)	(7,449)	(19,317)
Credit and suretyship	21,468	9,104	(7,133)	(3,584)	(2,928)	(4,541)
Legal expenses	2,081	985	(552)	(537)	(16)	(120)
Assistance	-	-	-	-	-	-
Miscellaneous	6,084	3,110	(1,388)	(1,282)	(70)	370
	1,197,369	614,501	(377,438)	(207,080)	(67,204)	(37,221)
Reinsurance	603,065	464,615	(181,808)	(114,924)	(82,428)	85,455
Total	1,800,434	1,079,116	(559,246)	(322,004)	(149,632)	48,234

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2008

2. Net Operating Expenses	2008	2007
	£	£
Acquisition costs	397,819	403,458
Change in deferred acquisition costs	10,817	(176,953)
Administrative expenses	60,253	44,499
Reinsurance commissions and profit participations	(23,912)	(10,797)
Personal expenses	52,066	61,797
	<u>497,043</u>	<u>322,004</u>
3. Investment Income	2008	2007
	£	£
Income from investments	39,162	10,506
Gains on the realisation of investments	29,354	7,049
Bank deposit interest	1,740	510
	<u>70,256</u>	<u>18,065</u>
4. Investment Expenses and Charges	2008	2007
	£	£
Investment management expenses, including interest	1,161	351
Losses on the realisation of investments	27,755	4,234
	<u>28,916</u>	<u>4,585</u>

5. Profit/(Loss) for the Financial Period Before Members' Remuneration and Profit Shares

	2008	2007
	£	£
The profit/(loss) on ordinary activities is stated after charging/(crediting):		
Amortisation of syndicate capacity	28,487	31,299
(Profit)/loss on disposal of syndicate capacity	(10,779)	(32,310)
(Profit)/loss on exchange	(96,608)	(1,973)
Interest on bank loans and overdrafts	-	-
Other interest	-	-

The Partnership has no employees.

The fees payable to the Partnership's auditor for audit services are included in the fees payable to the Members' Agent.

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NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2008

6. Members' Remuneration

The average number of Members during the period was 4.

7. Intangible Assets

	2008 £	2007 £
Purchased syndicate capacity		
Cost		
At 1 January 2008	156,495	-
Additions	(1)	187,390
Disposals	(14,056)	(30,895)
At 31 December 2008	142,438	156,495
Amortisation		
At 1 January 2008	31,299	-
Provided during the year	28,487	31,299
Disposals	(2,811)	-
At 31 December 2008	56,975	31,299
Net Book Value		
At 31 December 2008	85,463	125,196
At 31 December 2007	125,196	-

8. Investments

Other financial investments - Syndicate

	2008 Market Value £	2008 Cost £	2007 Market Value £	2007 Cost £
Shares and other variable yield securities and units in unit trusts	107,150	108,714	11,768	11,707
Debt securities and other fixed income securities	1,212,516	1,223,240	426,452	413,817
Participation in investment pools	21,955	24,793	2,087	1,921
Loans secured by mortgages	2,651	3,288	-	-
Other loans	6,407	6,399	5,272	5,254
Deposits with credit institutions	21,668	21,853	16,419	16,306
Other	-	1,222	-	(18)
	1,372,347	1,389,509	461,998	448,987
Listed investments included within the above	1,341,621	1,356,747	440,307	427,445

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NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2008

9. Members' Interests

	Syndicate	Partnership Members' Capital Classified as a Liability		Total
	Members' Capital Classified as a Liability £	Syndicate Capacity £	Other Profits £	£
Members' interests at 1 January 2008	66,362	188,401	(925)	253,838
Introduced by Members	-	(47,036)	(2,679)	(49,715)
Allocated profits/(losses) 2007 year of account	173,432	-	-	173,432
Allocated profits/(losses) 2008 year of account	(30,717)	(17,709)	223	(48,203)
Reallocation	-	-	-	-
Repayment of debt (including Members' capital classified as a liability)	-	-	-	-
Other movements	3	-	-	3
Members' interests at 31 December 2008	209,080	123,656	(3,381)	329,355

10. (a) Reconciliation of Operating Profit/(Loss) to Net Cash Inflow/(Outflow) from Operating Activities

	2008	2007
	£	£
Profit/(loss) on ordinary activities before tax	125,229	52,194
(Profit)/loss attributable to syndicate transactions	(142,715)	(66,362)
Profit/(loss) – excluding syndicate transactions	(17,486)	(14,168)
(Increase)/decrease in debtors	-	-
Increase/(decrease) in creditors	3,901	1,223
(Profit)/loss on disposal of syndicate capacity	(10,779)	(32,310)
Amortisation of syndicate capacity	28,487	31,299
Impairment of syndicate capacity	-	-
Realised/unrealised (gains)/losses on investments	-	-
Net cash inflow/(outflow) from operating activities	4,123	(13,956)

(b) Movement in Cash, Portfolio Investments and Financing

	At 1 January 2008 £	Cash Flow £	Changes to Market Value £	At 31 December 2008 £
Cash	63,503	(23,567)	-	39,936
Other financial investments	-	-	-	-
	63,503	(23,567)	-	39,936

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NOTES TO THE FINANCIAL STATEMENTS (continued) **For the year ended 31 December 2008**

11. Related Party Disclosure

There are no related party transactions to be disclosed.

12. Ultimate Controlling Party

The controlling Partnership is shared equally by Mr D Fabian and Mr J Fabian.