



MASTHEAD E LIMITED

ANNUAL REPORT AND ACCOUNTS

31 DECEMBER 2008



Contents

Page

2	Company Information
3	Report of the Directors
5	Independent Auditor's Report
7	Technical Account – General Business
8	Non-Technical Account
9	Balance Sheet
11	Notes to the Financial Statements

MASTHEAD E LIMITED

Company Information

Directors

D J Douetil
P J Goddard
M Scales

Secretary

Brit Corporate Secretaries Limited

Registered Office

55 Bishopsgate
London
EC2N 3AS

Registered Number

2864625

Auditor

Ernst & Young LLP
1 More London Place
London
SE1 2AF

MASTHEAD E LIMITED

Report of the Directors

The Directors present their report and the financial statements of the Company for the year ended 31 December 2008.

Principal activity and business review

The Company ceased underwriting at the end of the 1999 year of account.

The 1999 Underwriting Year of Account closed on 31 December 2001 with it's 1997 of Syndicate 55 and 1999 years of account of Syndicate 205 and 1173 remaining open. Syndicate 1173, the last remaining open syndicate, closed this underwriting year during 2008. The Company has made an underwriting profit of £27,000 (2007: loss of £7,000) before agents' expenses and tax.

In the opinion of the Directors, the state of affairs of the Company at the end of the year was satisfactory. The Directors do not envisage any changes to the current business model in 2009.

Result and dividend

The Company made a profit for the year of £29,000 (2007: loss of £8,000).

The Directors do not recommend the payment of a dividend for the year ended 31 December 2008 (2007: £ nil).

Directors

The names of the Directors as at the date of this report are listed on page 2. M A Sibthorpe retired as a Director on 22 May 2008.

Statement of Directors' responsibilities

The Directors are responsible for preparing the report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare financial statements for each financial year which 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 judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that 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 1985. 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.

MASTHEAD E LIMITED

Report of the Directors continued

Statement of Disclosure of Information to Auditors

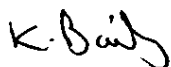
The Company's Auditor is Ernst & Young LLP. Each person who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Ultimate holding company

The ultimate parent company is Brit Insurance Holdings PLC.

By Order of the Board



Brit Corporate Secretaries Limited
Secretary
21 May 2009

MASTHEAD E LIMITED

Independent Auditor's Report To the Member of Masthead E Limited

We have audited the Company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company'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 Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company 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 Directors' remuneration and other transactions is not disclosed.

We read the Directors' 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 on 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 judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company'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.

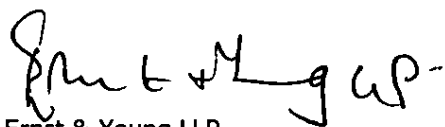
MASTHEAD E LIMITED

Independent Auditor's Report continued

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 Company's affairs as at 31 December 2008 and of its profit 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 Directors' report is consistent with the financial statements.



Ernst & Young LLP
Registered Auditor
London
21 May 2009

MASTHEAD E LIMITED

Technical Account- General Business For the Year Ended 31 December 2008

		Year ended 31 December 2008		Year ended 31 December 2007	
	Note	£'000	£'000	£'000	£'000
Earned premiums, net of reinsurance:					
Gross premiums written	3	7		2	
Outward reinsurance premiums		(2)		(2)	
		<hr/>		<hr/>	
Net premiums written			5		-
Allocated investment return transferred from the non-technical account			1		29
Claims paid:					
Gross amount	3	(90)		(185)	
Reinsurers' share		26		98	
		<hr/>		<hr/>	
		(64)		(87)	
Change in the provisions for claims:					
Gross amount	3	161		128	
Reinsurers' share		(72)		(73)	
		<hr/>		<hr/>	
		89		55	
		<hr/>		<hr/>	
Claims incurred, net of reinsurance	4		25		(32)
Net operating expenses	5		(4)		(4)
		<hr/>		<hr/>	
Balance transferred to the non-technical account			27		(7)
		<hr/>		<hr/>	

MASTHEAD E LIMITED

Non-Technical Account For the Year Ended 31 December 2008

		Year ended 31 December 2008	Year ended 31 December 2007
	Note	£'000	£'000
Balance on the general business technical account		27	(7)
Investment income		21	26
Realised (losses) on investments		(11)	-
Unrealised (losses)/gains on investments		(9)	4
Investment expenses and charges		-	(1)
Allocated investment return transferred to the general business technical account		(1)	(29)
Other income	6	3	-
Other charges, including value adjustments	7	(1)	(1)
Interest payable and similar charges	8	(2)	-
Profit/(loss) on ordinary activities before tax		27	(8)
Tax on profit/(loss) on ordinary activities	9	2	-
Profit/(loss) on ordinary activities after tax		29	(8)
Retained surplus/(deficit) for the financial period		29	(8)

The Company's income and expenses all relate to discontinued operations.

MASTHEAD E LIMITED

Balance Sheet As at 31 December 2008

		As at 31 December 2008			As at 31 December 2007		
	Note	Corporate £'000	Syndicate £'000	Total £'000	Corporate £'000	Syndicate £'000	Total £'000
Fixed Asset Investments:							
Financial Investments	10	-	843	843	-	648	648
Reinsurers' Share of Technical Provisions:							
Claims outstanding		-	76	76	-	129	129
Debtors:							
Arising out of direct insurance operations – due from intermediaries		-	6	6	-	83	83
Arising out of reinsurance operations		-	38	38	-	85	85
Amount due from corporate member		-	-	-	-	103	103
Other	11	70	47	117	-	18	18
		70	91	161	-	289	289
Other Assets:							
Cash at bank and in hand		-	3	3	-	63	63
Other		-	42	42	-	10	10
		-	45	45	-	73	73
Prepayments and Accrued Income							
		-	3	3	-	2	2
Total Assets		70	1,058	1,128	-	1,141	1,141

MASTHEAD E LIMITED

Balance Sheet continued

		As at 31 December 2008			As at 31 December 2007		
	Note	Corporate £'000	Syndicate £'000	Total £'000	Corporate £'000	Syndicate £'000	Total £'000
Capital and Reserves:							
Called up share capital	14	1	-	1	1	-	1
Revenue reserve	15	(33)	-	(33)	(62)	-	(62)
Equity Shareholder's Funds							
	16	(32)	-	(32)	(61)	-	(61)
Technical Provisions:							
Claims outstanding – gross		-	989	989	-	1,101	1,101
Creditors:							
Arising from direct insurance operations		-	31	31	-	23	23
Arising from reinsurance operations		-	13	13	-	12	12
Other creditors	13	102	22	124	61	1	62
		102	66	168	61	36	97
Other Liabilities							
Deferred Taxation	12	-	-	-	-	-	-
Accruals and Deferred Income:							
		-	3	3	-	4	4
Total Liabilities							
		70	1,058	1,128	-	1,141	1,141

The financial statements on pages 7 to 21 were approved by the Board of Directors on 21 May 2009 and were signed on its behalf by:


Director


Director

MASTHEAD E LIMITED

Notes to the Financial Statements For the year ended 31 December 2008

1. Basis of preparation of financial statements

(a) Basis of preparation

The financial statements are prepared in accordance with Section 255 of, and Schedule 9A to, the Companies Act 1985 ('the Act'). The recommendations of the Statements of Recommended Practice on Accounting for Insurance Businesses issued by the Association of British Insurers in December 2005 as amended in December 2006 (the "ABI SORP") have been adopted except that exchange differences arising from underwriting activities are dealt with in the technical account to be consistent with the treatment in the underlying syndicate accounts.

During the year, the Company adopted FRS 23 - The Effects of changes in foreign exchange rates, FRS 26 - Financial Instruments: Measurement and FRS 29 - Financial instruments: Disclosures.

The main effects of these standards on the Company are as follows:

FRS 23 requires exchange differences arising from the retranslation of opening balances to closing rates and profit and loss items to average rates are dealt with in the profit and loss account rather than in the statement of total recognised gains and losses. All other exchange differences are dealt with in the profit and loss account. Under FRS 23 non-monetary items in the balance sheet are not re-valued to closing exchange rates but instead remain at historical rates.

FRS 26 requires derivative contracts to be measured at fair value rather than amortised cost.

FRS 29 requires disclosures to be made in the financial statements relating to risk arising from financial instruments.

(b) Sources of data

The information used to compile the technical account and the 'syndicate' balance sheet is based on returns prepared for this purpose by the Managing Agents of each syndicate ('the Returns'). These Returns have been subject to audit by the syndicate auditor and are based on the audited syndicate returns to Lloyd's and the audited annual reports to syndicate members.

The format of the Returns has been established by Lloyd's and Lloyd's has also been responsible for collating the data at a syndicate level and analysing it into corporate member level results.

(c) Going concern

As at 31 December 2008, the Company had net liabilities of £32,000 resulting from its past underwriting activities.

The Company's underwriting activities are supported by standalone funds at Lloyd's, as set out in note 19. The Directors have prepared the financial statements on the going concern basis having taken into account all information that could reasonably be expected to be available. In doing so, they have assumed that the Company's open year underwriting results meet with the current forecasts and that the standalone funds can be called down upon if required. The financial statements, therefore, do not include any adjustments that would result if the underwriting results do not meet expectations and the standalone funds do not respond.

The directors of Brit Insurance Holdings PLC have guaranteed that they will meet all of the liabilities of the Company as they fall due for at least until one year after the balance sheet date.

MASTHEAD E LIMITED

Notes to the Financial Statements continued

2. Accounting policies

(a) Underwriting activities

The results for all classes of business have been determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premium, net of reinsurance as follows:

(i) Premiums

Premiums written relate to 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, less an allowance for cancellations. Premiums are accreted to the income statement on a pro rata basis over the term of the related policy, except for those contracts where the period of risk differs significantly from the contract period. In these circumstances, premiums are recognised over the period of risk in proportion to the amount of insurance protection provided. Reinstatement premiums are accreted to the income statement on a pro rata basis over the term of the original policy to which it relates.

Premiums are shown net of premium taxes and other levies on premiums.

(ii) Deferred acquisition costs

Commission and other acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and/or renewing existing insurance contracts, but which relate to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. Deferred acquisition costs are capitalised and amortised on a straight line basis over the life of the contract.

(iii) Claims incurred

Claims incurred comprise claims and claims handling costs paid in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported ("IBNR") and related expenses, together with any adjustments to claims from prior years. Claims handling costs are mainly those external costs related to the negotiation and settlement of claims.

(iv) Outstanding claims provisions

Claims outstanding represent the estimated ultimate cost of settling all claims (including direct and indirect claims settlement costs) arising from events which have occurred up to the balance sheet date, including provision for claims incurred but not reported, less any amounts paid in respect of those claims. The Company does not discount its liabilities for unpaid claims the ultimate cost of which cannot be known with certainty at the balance sheet date.

(v) Provision for unearned premiums

The proportion of written premiums that relate to unexpired terms of policies in force at the balance sheet date is deferred as a provision for unearned premiums, generally calculated on a time apportioned basis. The movement in the provision is taken to the income statement in order that revenue is recognised over the period of the risk.

(vi) Syndicate balance sheet

For each syndicate on which the Company participates, the Company's proportion of the syndicate's assets and liabilities has been reflected in its Balance Sheet (included in the column headed 'Syndicate'). Syndicate assets are held subject to trust deeds for the benefit of the Syndicates' insurance creditors.

MASTHEAD E LIMITED

Notes to the Financial Statements continued

2. Accounting policies – continued

(b) Investments

Investments are treated as sold and repurchased at each 31 December in recognition of the annual venture nature of participation on a syndicate. Their cost is therefore their market value at that date.

(c) Investment income

Investment income comprises interest receivable and dividends received plus realised gains on the disposal of investments. Realised gains and losses arise from the difference between proceeds and cost.

The realised gains reported by Syndicates are net of any realised losses.

All investment income net of realised losses arising on syndicate participations is allocated to the technical account. Other investment income is attributable to the non-technical account.

(d) Investment expenses and charges

Investment expenses and charges comprise investment management expenses.

(e) Net operating expenses

Operating expenses have been charged to the underwriting year for which they were incurred. These include the Company's share of syndicate operating expenses, the remuneration payable to Managing Agents, the Company's Members' Agent and the direct costs of membership of Lloyd's.

(f) Foreign currencies

Transactions in foreign currencies other than Sterling, United States dollars, Canadian dollars and Euros are translated at the rate of exchange ruling at the date the transaction is processed. Unless otherwise stated, transactions in United States dollars, Canadian dollars and Euros are translated at the average rates of exchange for the period. Monetary assets and liabilities in currencies other than Sterling are translated at the rate of exchange ruling at 31 December of each year. Unearned premiums and deferred acquisition costs are non monetary assets and liabilities and accordingly are not retranslated from the historic rates. Exchange profits or losses arising on the translation of foreign currency amounts relating to underwriting activities are included within net operating expenses in the technical account.

(g) Syndicate participation rights

Where the Company has purchased the right to participate on syndicates, the cost is capitalised and amortised in equal annual instalments over 3 years. Amortisation commences at the end of the third year from the start of the Company's first underwriting year on the syndicate.

If, at any time, the Directors become aware of a permanent diminution in the value of the Company's right to participate on a syndicate, the asset will be written down accordingly. If a syndicate right is sold then any related costs are offset against the disposal proceeds and any gain/loss is taken to the non-technical profit and loss account, in the same period.

MASTHEAD E LIMITED

Notes to the Financial Statements continued

2. Accounting policies – continued

(h) Taxation

The Company is taxed on its share of the underwriting results declared by syndicates and for tax purposes these are deemed to accrue evenly over the calendar year in which they are declared. The syndicate results included in these financial statements (excluding any additional provisions made by Directors) relate to the 1999 Year of Account and are declared for tax purposes in the calendar year.

HM Revenue & Customs determines the taxable results of individual syndicates on the basis of computations submitted by the Managing Agent. At the date of approval of these financial statements, none of the syndicate taxable results have been agreed. Any adjustments that may be necessary to the tax provisions established by the Company as a result of HM Revenue & Customs' agreement of the taxable results of individual syndicates will be reflected in the financial statements of subsequent periods.

Other profits are recognised and assessable to corporation tax in the same period, after adjustment in accordance with tax legislation.

(i) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(j) Cash flow statement

The Company is exempt from preparing a cash flow statement under FRS 1. Brit Insurance Holdings PLC, the ultimate parent company, prepares a consolidated cash flow statement.

MASTHEAD E LIMITED

Notes to the Financial Statements continued

3. Segmental Information

	Year ended 31 December 2008				
	Gross Premiums Written £'000	Gross Claims Incurred £'000	Gross Operating Expenses* £'000	Reinsurance Balance £'000	Total £'000
Direct Business:					
Accident & Health	-	1	-	(2)	(1)
Motor – third party liability	1	-	-	-	1
Motor – other classes	-	-	-	-	-
Marine, Aviation & Transport	-	18	-	(12)	6
Fire and other Damage to Property	-	18	-	(7)	11
Third Party Liability	-	2	(2)	(3)	(3)
Credit and Suretyship	-	(5)	-	-	(5)
Other	-	1	-	-	1
Total Direct	1	35	(2)	(24)	10
Reinsurance Business:					
Reinsurances Acceptances	6	36	(2)	(24)	16
Total Reinsurance	6	36	(2)	(24)	16
Total	7	71	(4)	(48)	26

MASTHEAD E LIMITED

Notes to the Financial Statements continued

3. Segmental Information continued

	Year ended 31 December 2007				
	Gross Premiums Written £'000	Gross Claims Incurred £'000	Gross Operating Expenses* £'000	Reinsurance Balance £'000	Total £'000
Direct Business:					
Accident & Health	-	5	-	1	6
Motor – third party liability	-	2	-	(1)	1
Motor – other classes	-	-	-	2	2
Marine, Aviation & Transport	-	17	-	(14)	3
Fire and other Damage to Property	-	(8)	-	5	(3)
Third Party Liability	1	21	(2)	(18)	2
Credit and Suretyship	1	3	-	(1)	3
Other	-	-	-	(1)	(1)
Total Direct	2	40	(2)	(27)	13
Reinsurance Business:					
Reinsurances Acceptances	-	(97)	(2)	50	(49)
Total Reinsurance	-	(97)	(2)	50	(49)
Total	2	(57)	(4)	23	(36)

* Gross operating expenses are equal to the net operating expenses shown in the Profit and the Loss Account as no commission in respect of outward reinsurance has been received and set off in arriving at net operating expenses.

The segmental split shown below is based on the location of the underlying risk insured.

	31 December 2008 £'000	31 December 2007 £'000
Gross premiums in respect of direct business written in:		
United Kingdom	1	2

MASTHEAD E LIMITED

Notes to the Financial Statements continued

4. Claims Incurred, Net of Reinsurance

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Gross		
1999 Year of Account	71	(57)
Reinsurance		
1999 Year of Account	(46)	25
Net claims incurred	<u>25</u>	<u>(32)</u>

5. Net Operating Expenses

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Acquisition costs	-	10
Administrative expenses	15	-
Profit on exchange	(11)	(6)
	<u>4</u>	<u>4</u>

6. Other income

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Interest on Premium Trust Fund releases	<u>3</u>	<u>-</u>

7. Other charges

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Other	<u>1</u>	<u>1</u>

Audit fees for the Company have been borne by Brit Insurance Holdings PLC, the ultimate holding company and amounted to £1,000.

MASTHEAD E LIMITED

Notes to the Financial Statements continued

8. Interest payable and similar charges

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Intragroup interest payable	2	-

9. Taxation

(i) Analysis of tax credit in year

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Current taxation:		
Adjustment in respect of previous years	-	9
UK Corporation tax on the profit/(loss) for the year	2	-
Tax credit/(charge) on (loss) on ordinary activities	2	9
Deferred taxation (see note 12)		
Origination and reversal of timing differences	-	(9)
	-	(9)
	2	-

(ii) Factors affecting tax credit for year

Profit/(loss) on ordinary activities before tax	27	(8)
Loss on ordinary activities multiplied by standard rate of tax in the UK of 28.5% (2007:30%)	(8)	2
Short term timing differences:		
Syndicate results	10	7
Current tax credit for the year per (i) above	2	9

MASTHEAD E LIMITED

Notes to the Financial Statements continued

10. Financial investments

	31 December 2008 £'000	31 December 2007 £'000
Shares and other variable yield securities	685	241
Debt securities and other fixed interest securities	76	307
Participation in investment pools	35	7
Loans secured by mortgage	6	46
Deposits with credit institutions	41	47
	<u>843</u>	<u>648</u>

11. Other debtors

	31 December 2008 £'000	31 December 2007 £'000
Amounts due in respect of syndicate profits	70	-
Share of Syndicate's other debtor balances	47	18
	<u>117</u>	<u>18</u>

12. Deferred taxation

	31 December 2008 £'000	31 December 2007 £'000
Provision for future underwriting losses	-	-
Undiscounted provision for deferred taxation at the start of the year	-	9
Deferred tax charge in profit and loss account for year (Note 9)	-	(9)
Provision at end of year	<u>-</u>	<u>-</u>

At 31 December 2008, there was an unprovided deferred tax asset of £nil (31 December 2007:£nil).

13. Other creditors

	31 December 2008 £'000	31 December 2007 £'000
Amounts due to Group undertakings	102	8
Amounts due in respect of syndicate losses	20	52
Share of Syndicate's other creditor balances	2	1
Sundry Creditors	-	1
	<u>124</u>	<u>62</u>

MASTHEAD E LIMITED

Notes to the Financial Statements continued

14. Share capital

	31 December 2008 £	31 December 2007 £
Authorised: 1,000 ordinary shares of £1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid: 1,000 ordinary shares of £1	<u>1,000</u>	<u>1,000</u>

15. Revenue reserve

	31 December 2008 £'000	31 December 2007 £'000
Balance as at 1 January	(62)	(54)
Profit/(loss) retained for the financial period	<u>29</u>	<u>(8)</u>
Balance as at 31 December	<u>(33)</u>	<u>(62)</u>

16. Movement in Shareholder's funds

	31 December 2007 £'000	31 December 2006 £'000
Opening Shareholder's funds	(61)	(53)
Total recognised profit/(losses) for the financial period	<u>29</u>	<u>(8)</u>
Closing Shareholder's funds	<u>(32)</u>	<u>(61)</u>

17. Related party transactions

As a subsidiary undertaking of Brit Insurance Holdings PLC, the Company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group.

18. Financial instruments

The Company has not made disclosures in accordance with Financial Reporting Standard 29 'Financial Instruments: Disclosures' as it is not exposed to risks arising from financial instruments.

19. Guarantees

- (i) Lloyd's
If any of the other corporate member subsidiaries of the Brit Insurance Holdings PLC Group ("the Group") fail to meet any of their obligations, after having called on Wren Limited (formerly Wren PLC) under its guarantees, then:
- (a) Lloyd's will be entitled to require any of the Group's subsidiaries to cease or reduce their underwriting; and/or

MASTHEAD E LIMITED

Notes to the Financial Statements continued

- (b) having regard to the fact that the Central Fund may be applied to discharge the obligations of the defaulting corporate member subsidiary, Lloyd's will be entitled to require each of the other corporate member subsidiaries of the Group to make contributions to the Central Fund up to the amount of their respective net profits held from time to time in Premiums Trust Funds, sufficient to reimburse the Central Fund in full for any payment made on behalf of the defaulting member.

At the date of these financial statements the Company is not aware of any of the other corporate member subsidiaries of the Group failing to meet any of their Lloyd's obligations.

Investments and assets supporting the underwriting at Lloyd's are held in Masthead Insurance Underwriting Limited ("Masthead"), a fellow Group subsidiary. Masthead provides standalone Funds at Lloyd's for Masthead E Limited. As at 31 December 2008 this amounted to £119,019 (2007: £213,711).

20. Ultimate holding company

The immediate holding company is Masthead Insurance Underwriting Limited and the ultimate holding company is Brit Insurance Holdings PLC, which is registered in England and Wales. Copies of the accounts are available from 55 Bishopsgate, London, EC2N 3AS.