

Company registration number: 3629441

Chorlton Underwriting Limited

Report and financial statements 31 December 2010

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Chorlton Underwriting Limited

Company information

Director

Mr J P M Horner

Company Secretary

Argenta Secretariat Limited

Registered Office

Fountain House
130 Fenchurch Street
London EC3M 5DJ

Auditors

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

Accountants

Argenta Private Capital Limited
Fountain House
130 Fenchurch Street
London EC3M 5DJ

Chorlton Underwriting Limited

Report of the Director

The Director submits his Report together with the audited financial statements of the Company for the year ended 31 December 2010

Principal Activities and Business Review

The principal activity of the Company is that of trading as a Lloyd's corporate capital member. The Company continues to underwrite for the 2011 year of account.

The financial statements incorporate the annual accounting results of the syndicates on which the Company participates for the 2008, 2009 and 2010 years of account, as well as any 2007 and prior run-off years. The 2008 year closed at 31 December 2010 with a result of £111,769 (2007 - £220,147). The 2009 and 2010 open underwriting account will normally close at 31 December 2011 and 2012.

Results and Dividends

The results for the year are set out on pages 6 to 7 of the financial statements. Dividends totalling £75,000 were paid in the year (2009 - £50,000).

Financial Risk Management Objectives and Policies

The Company is principally exposed to financial risk through its participation on Lloyd's Syndicates. It has delegated sole management and control of its underwriting through each Syndicate to the managing agent of that Syndicate and it looks to the managing agents to implement appropriate policies, procedures and internal controls to manage each Syndicate's exposures to insurance risk, credit risk, market risk, liquidity risk and operational risk. The Company is also directly exposed to these risks, but they are not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

Hedge accounting is not used by the Company.

Key Performance Indicators

The director monitors the performance of the Company by reference to the following key performance indicators:

	2010	2009
Capacity (youngest underwriting year)	£ 1,557,097	£ 1,274,337
Gross premium written as a % of capacity	91.5%	117.4%
Underwriting profit of latest closed year		
as a % of capacity	8.5%	17.0%
Run-off years of account movement	£ 6,936	£ (1,097)
Combined ratio	100.6%	81.6%

The combined ratio is the ratio of net claims incurred, commissions and expenses to net premiums earned.

Directors

The Director who served at any time during the year was as follows:

Mr J P M Homer

Chorlton Underwriting Limited

Report of the Director (continued)

Statement of Director's Responsibilities

The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the Director to prepare financial statements for each financial period. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 Company will continue in business

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

Auditors

Mazars LLP have signified their willingness to act and continue to be appointed as the Company's auditors

In the case of each person who is a Director at the time this report is approved, the following applies:

- (a) So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Approved by the Board on *28th June 2011*
and signed on its behalf by

J P M HORNER
Director

Chorlton Underwriting Limited

Independent Auditors' report

Independent auditors' report to the member of Chorlton Underwriting Limited

We have audited the financial statements of Chorlton Underwriting Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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)

Respective responsibilities of the director and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report, including our opinion, has been prepared for and only for the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's 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 member for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit/(loss) for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Chorlton Underwriting Limited

Independent Auditors' report (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Markham Grice (Senior statutory auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory auditor
Tower Bridge House
St Katharine's Way
London E1W 1DD

6 July 2011

Chorlton Underwriting Limited

Profit and loss account Technical account – general business For the year ended 31 December 2010

	Note	2010 £	2009 £
Premiums written			
Gross premiums written	1	1,424,397	1,495,762
Outward reinsurance premiums	1	(255,839)	(286,633)
Net premiums written		1,168,558	1,209,129
Change in the provision for unearned premiums			
Gross provision	1	3,759	(1,817)
Reinsurers' share	1	(8,032)	16,703
Earned premiums, net of reinsurance		1,164,285	1,224,015
Allocated investment return transferred from the non-technical account		44,221	65,946
Other technical income, net of reinsurance		646	6,210
Claims paid			
Gross amount	1	(755,675)	(793,675)
Reinsurers' share	1	128,477	138,619
Net claims paid		(627,198)	(655,056)
Change in provision for claims			
Gross amount	1	(106,067)	102,275
Reinsurers' share	1	(1,991)	(29,576)
Change in net provision for claims		(108,058)	72,699
Claims incurred, net of reinsurance		(735,256)	(582,357)
Changes in other technical provisions, net of reinsurance		-	-
Net operating expenses	1, 2	(436,376)	(416,897)
Other technical charges, net of reinsurance		-	-
Balance on the technical account for general business		37,520	296,917

The accounting policies and notes on pages 11 to 22 form part of these Financial Statements

Chorlton Underwriting Limited

Profit and loss account Non - technical account For the year ended 31 December 2010

	Note	2010 £	2009 £
Balance on technical account for general business		37,520	296,917
Investment income	3	80,965	93,691
Unrealised gains on investments		13,459	28,502
Investment expenses and charges	4	(26,491)	(31,811)
Unrealised losses on investments		(17,044)	(17,421)
Allocated investment return transferred to the general business technical account		(44,221)	(65,946)
Other income		32,158	12,422
Other charges		(36,290)	(85,614)
Profit/(loss) on ordinary activities before taxation	5	40,056	230,740
Tax on profit/(loss) on ordinary activities	6	(9,597)	(69,616)
Profit/(loss) for the financial year	13	30,459	161,124

The Company has no recognised gains or losses other than the profit or loss for the year

All amounts relate to continuing operations

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 11 to 22 form part of these Financial Statements

Chorlton Underwriting Limited

Balance sheet As at 31 December 2010

	Note	31 December 2010			31 December 2009		
		Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Assets							
Intangible assets	8	-	53,237	53,237	-	53,904	53,904
Investments							
Financial investments	9	1,586,967	10,339	1,597,306	1,562,685	-	1,562,685
Deposits with ceding undertakings		707	-	707	617	-	617
		1,587,674	10,339	1,598,013	1,563,302	-	1,563,302
Reinsurers' share of technical provisions							
Provision for unearned premiums		73,733	-	73,733	67,949	-	67,949
Claims outstanding		420,915	-	420,915	424,113	-	424,113
Other technical provisions		-	-	-	-	-	-
		494,648	-	494,648	492,062	-	492,062
Debtors							
Arising out of direct insurance operations		346,249	-	346,249	341,660	-	341,660
Arising out of reinsurance operations		291,121	-	291,121	345,849	-	345,849
Other debtors	10	161,082	200,000	361,082	139,560	201,841	341,401
		798,452	200,000	998,452	827,069	201,841	1,028,910
Other assets							
Cash at bank and in hand		95,453	690,383	785,836	78,895	550,885	629,780
Other		155,280	-	155,280	132,396	-	132,396
		250,733	690,383	941,116	211,291	550,885	762,176
Prepayments and accrued income							
Accrued interest		3,449	1,299	4,748	7,327	-	7,327
Deferred acquisitions costs		162,804	-	162,804	136,723	-	136,723
Other prepayments and accrued income		6,194	-	6,194	6,056	-	6,056
		172,447	1,299	173,746	150,106	-	150,106
Total assets		3,303,954	955,258	4,259,212	3,243,830	806,630	4,050,460

The accounting policies and notes on pages 11 to 22 form part of these Financial Statements

Chorlton Underwriting Limited

Balance sheet As at 31 December 2010

	Note	31 December 2010			31 December 2009		
		Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Liabilities and shareholders' funds							
Capital and reserves							
Called up share capital	12	-	750,002	750,002	-	750,002	750,002
Share premium account		-	-	-	-	-	-
Profit and loss account	13	211,880	25,454	237,334	373,862	(91,987)	281,875
Shareholders' funds – attributable to equity interests							
	14	211,880	775,456	987,336	373,862	658,015	1,031,877
Technical provisions							
Provision for unearned premiums		617,028	-	617,028	569,319	-	569,319
Claims outstanding – gross amount		2,060,480	-	2,060,480	1,882,857	-	1,882,857
Other technical provisions		-	-	-	-	-	-
Provisions for other risks and charges							
Deferred taxation	15	-	62,933	62,933	-	78,510	78,510
Other	15	-	-	-	-	-	-
Deposit received from reinsurers		713	-	713	12,870	-	12,870
Creditors							
Arising out of direct insurance operations		93,969	-	93,969	106,948	-	106,948
Arising out of reinsurance operations		175,804	-	175,804	136,479	-	136,479
Amounts owed to credit institutions		-	-	-	98	-	98
Other creditors including taxation and social security	16	177,674	42,416	220,090	172,950	38,918	211,868
		3,125,668	105,349	3,231,017	2,881,521	117,428	2,998,949
Accruals and deferred income		(33,594)	74,453	40,859	(11,553)	31,187	19,634
Total liabilities		3,303,954	955,258	4,259,212	3,243,830	806,630	4,050,460

Approved and authorised for issue by the Board of Directors on 28th June 2011
and signed on its behalf by

Director
J P M HORNER

Company registration number 3629441

The accounting policies and notes on pages 11 to 22 form part of these Financial Statements

Chorlton Underwriting Limited

Cash flow statement For the year ended 31 December 2010

	Note	2010 £	2009 £
Operating activities			
Net cash inflow/(outflow) from operating activities	17(a)	256,748	(27,136)
Returns on investments and servicing of finance		-	-
Capital expenditure			
Purchase of syndicate capacity		(14,120)	(35,334)
Proceeds from sale of syndicate capacity		7,758	12,422
Taxation			
Corporation and overseas taxes (paid)/refunded		(25,975)	(809)
Equity dividends paid		(75,000)	(50,000)
Financing			
Issue of shares		-	-
Share issue expenses		-	-
Net cash inflow/(outflow) for the year	17(b)	<u>149,411</u>	<u>(100,857)</u>
Cash flows were invested as follows.			
Increase/(decrease) in cash holdings		139,498	(100,857)
Purchase of financial investments		9,913	-
Sale of financial investments		-	-
Net investment of cash flows	17(b)	<u>149,411</u>	<u>(100,857)</u>

The Company 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 the syndicates at Lloyd's.

The accounting policies and notes on pages 11 to 22 form part of these Financial Statements

Chorlton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2010

Basis of preparation of financial statements

Basis of preparation

The financial statements have been prepared in accordance with the provisions of Schedule 3 to SI 2008/410 and with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers ("the ABI SORP") in December 2005 (as amended in December 2006)

Recognition of insurance transactions

Preparing financial statements in accordance with SI 2008/410 requires the Company to recognise its proportion of all the transactions undertaken by the Lloyd's syndicates in which it participates ("the Syndicates")

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 and loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods.

For each such Syndicate, the Company's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the Company's profit and loss account. Similarly, its proportion of the Syndicate's assets and liabilities has been reflected in its balance sheet (under the column heading "Syndicate"). The Syndicate's assets are held subject to trust deeds for the benefit of the Company's insurance creditors.

The proportion referred to above is calculated by reference to the Company's participation as a percentage of the Syndicate's total capacity.

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate ("the Managing Agent") and it has further undertaken not to interfere with the exercise of such management and control. The Managing Agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised by the Company. The only exception to this rule is the level of provision for outstanding claims.

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 the Syndicates ("the Returns"). These Returns have been subjected to audit by the Syndicate auditors 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.

Chorlton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2010

Accounting policies

i Accounting convention

The financial statements are prepared in accordance with appropriate accounting standards and under the historical cost convention as modified by the revaluation of financial investments

ii Going concern

These financial statements have been prepared on a going concern basis

iii Premiums

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax. Gross premiums written may include "reinsurance to close" premiums receivable (see vii below). Outward reinsurance premiums may include "reinsurance to close" premiums payable (see vii below). Premiums written by a Syndicate may also include the reinsurance of other syndicates on which the Company participates. No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' claims) to remove this intersyndicate reinsurance. Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

iv Claims incurred

Claims incurred include the costs of claims handling expenses. Recoverable amounts arising out of subrogation or salvage are deducted from the cost of claims. Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessment of claims from prior years differ from the provision at the beginning of the year.

v Provision for claims outstanding

Claims outstanding comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR). Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision is based on the Returns and reports from the Managing Agents and the Company's licensed adviser or Members' Agent. When appropriate, statistical methods have been applied to past experience of claims frequency and severity.

The two most critical assumptions as regard 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 for current business are fair reflections of the likely level of ultimate claims to be incurred. The director considers the provision for gross claims and related reinsurance recoveries, as based on the Returns to be fairly stated. 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 amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made.

vi Unexpired risk provision

A provision for unexpired risk is made by the underlying Syndicates where claims, related expenses and deferred acquisition costs, likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

Chorlton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2010

Accounting policies (continued)

vii Reinsurance to close

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's Syndicates. Under it, underwriting members (the reinsured members) who are members of a Syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another syndicate for a later year of account (the reinsuring members) that the reinsuring members will indemnify, discharge or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that Syndicate and allocated to the closed year in consideration of (1) a premium, and (2) either

- (a) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurances and other monies receivable in connection with that insurance business), or
- (b) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefit so far as they are not applied in discharges of the liabilities of the reinsured members

Where the reinsurance to close is between members on successive years of account of the same Syndicate, the Managing Agent has a duty to ensure both sets of members are treated equitably and to set the reinsurance to close with the intention that neither a profit nor a loss accrues to either group of members. To the extent that the Company participates on successive years of account of the same syndicate and there is a reinsurance to close between those years, the Company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

If the Company has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the Company has assumed a greater proportion of the business of the Syndicate. If the Company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the Company's exposure to risks previously written by the Syndicate. The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims. However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a Syndicate year of account and it is treated for accounts purposes as settling all the Company's outstanding gross liabilities in respect of the business so reinsured.

viii Investments

Syndicate Where investments represent the Company's share of syndicate investments, they are stated at current value at the balance sheet date. For this purpose, listed investments are stated at market value and deposits with credit institutions and overseas deposits are stated at cost. Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date.

Corporate Listed investments held directly by the Company, by the trustees of the Premiums Trust Fund, or as Lloyd's Deposit, are stated at market value. Unlisted investments held directly by the Company are stated at cost less provision for any permanent diminution in value.

Chorlton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2010

Accounting policies (continued)

ix Investment return

Investment income comprises interest receivable and dividends received plus realised and unrealised gains on the disposal of investments. Realised gains and losses arise from the difference between proceeds and valuation at the previous year end, or cost if there has been no previous revaluation. Unrealised investment gains and losses are calculated as the difference between the valuation at the balance sheet date and the valuation at the last balance sheet date or purchase price, if acquired during the year. Investment income is initially recorded in the non-technical account. All investment income arising on Syndicate participations is allocated to the technical account.

x Net operating expenses

Operating expenses are recognised when incurred. They include the Company's share of Syndicate operating expenses, the remuneration payable to Managing Agents (and the Company's Members' Agent/licensed adviser) and the direct costs of membership of Lloyd's.

xi Foreign currencies

Transactions in United States dollars, Canadian dollars and Euros are translated at the rates of exchange ruling at the date the transaction is processed or at an appropriate average rate. Unless otherwise stated, transactions in currencies other than United States dollars, Canadian dollars and Euros are translated at the rate of exchange ruling at the date the transaction is processed. Monetary assets and liabilities are retranslated into Sterling at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities at the balance sheet date are maintained at the rate of exchange ruling when the contract was entered into (or an appropriate average rate). Exchange differences arising on translation are dealt with in the profit and loss account.

xii 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 five years.

xiii Taxation

The Company is taxed on its share of the underwriting results declared by Syndicates and 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 losses on open years of account) are only declared for tax purposes in the calendar year following closure of the year of account. HM Revenue & Customs agrees the taxable results of Syndicates at a Syndicate level on the basis of computations submitted by the Managing Agent. At the date of approval of these financial statements, the Syndicate taxable results of this year have not been agreed. Any adjustments that may be necessary to the tax provision as a result of HM Revenue & Customs agreement of Syndicate taxable results will be reflected in the financial statements of subsequent periods.

xiv Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Chorlton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2010

1. Class of Business

2010	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	95,377	90,907	(36,172)	(50,483)	(2,684)	1,568
Motor – third party liability	6,084	4,905	(2,467)	(1,660)	(98)	680
Motor – other classes	130,090	130,104	(200,475)	(43,376)	(4,520)	(118,267)
Marine, aviation and transport	165,723	166,884	(79,059)	(45,846)	(11,612)	30,367
Fire and other damage to property	290,884	291,848	(144,173)	(97,619)	(33,527)	16,529
Third party liability	229,570	212,778	(113,089)	(62,958)	(10,295)	26,436
Credit and suretyship	53,307	51,909	(25,214)	(14,754)	(8,159)	3,782
Legal expenses	5,520	5,713	(3,629)	(2,029)	(80)	(25)
Assistance	-	-	-	-	-	-
Miscellaneous	32,994	42,302	(22,382)	(22,735)	2,764	(51)
	1,009,549	997,350	(626,660)	(341,460)	(68,211)	(38,981)
Reinsurance	414,848	430,806	(235,082)	(94,916)	(69,174)	31,634
Total	1,424,397	1,428,156	(861,742)	(436,376)	(137,385)	(7,347)
2009						
Direct Insurance						
Accident and health	57,141	48,994	(23,688)	(20,770)	(2,874)	1,662
Motor – third party liability	3,117	3,535	(2,502)	(910)	(249)	(126)
Motor – other classes	137,299	128,050	(99,942)	(34,015)	(1,062)	(6,969)
Marine, aviation and transport	182,223	182,243	(74,649)	(48,188)	(20,697)	38,709
Fire and other damage to property	326,228	322,072	(154,636)	(98,763)	(34,919)	33,754
Third party liability	225,283	215,695	(105,794)	(66,836)	(4,916)	38,149
Credit and suretyship	15,494	14,906	(17,511)	(3,530)	1,125	(5,010)
Legal expenses	1,264	1,254	(644)	(452)	(4)	154
Assistance	-	-	-	-	-	-
Miscellaneous	41,660	32,072	(14,859)	(12,791)	(4,077)	345
	989,709	948,821	(494,225)	(286,255)	(67,673)	100,668
Reinsurance	506,053	545,124	(197,175)	(130,642)	(93,214)	124,093
Total	1,495,762	1,493,945	(691,400)	(416,897)	(160,887)	224,761

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

Chorlton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2010

2. Net Operating Expenses	2010	2009
	£	£
Acquisition costs	347,049	335,455
Change in deferred acquisition costs	1,337	(2,501)
Administrative expenses	54,745	47,190
Reinsurance commissions and profit participations	(26,274)	(24,872)
Personal expenses	59,519	61,625
	<hr/>	<hr/>
	436,376	416,897
	<hr/>	<hr/>
3. Investment Income	2010	2009
	£	£
Income from investments	47,813	50,403
Gains on the realisation of investments	26,910	36,273
Bank deposit interest	6,242	7,015
	<hr/>	<hr/>
	80,965	93,691
	<hr/>	<hr/>
4. Investment Expenses and Charges	2010	2009
	£	£
Investment management expenses, including interest	2,563	2,358
Losses on the realisation of investments	23,928	29,453
	<hr/>	<hr/>
	26,491	31,811
	<hr/>	<hr/>
5. Profit/(Loss) on Ordinary Activities before Taxation	2010	2009
	£	£
Operating profit/(loss) is stated after charging		
Director's remuneration	-	-
Amortisation of syndicate capacity	14,787	10,293
(Profit)/loss on disposal of intangible fixed assets	(7,758)	(12,422)
(Profit)/loss on exchange	(26,677)	40,995
The Company has no employees and no staff costs are met by the Company		
The fees payable to the Company's auditor for audit services are included in the fees payable to the Members' Agent		

Chorlton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2010

6. Taxation	2010	2009
	£	£
Analysis of charge in year		
Current tax		
UK corporation tax on profit/(loss) of the year	36,685	37,486
Adjustment in respect of previous period	(13,229)	-
	<u>23,456</u>	<u>37,486</u>
Foreign tax	1,718	809
Total current tax	<u>25,174</u>	<u>38,295</u>
Deferred tax		
Origination and reversal of timing differences	(15,577)	31,321
	<u>9,597</u>	<u>69,616</u>

Factors affecting tax charge for period

The tax assessed for the period is different to the standard rate of corporation tax in the UK of 21.00% (2009 - 21.00%) . The differences are explained below

Profit/(loss) on ordinary activities before tax	40,056	230,740
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.00% (2009 - 21.00%)	8,412	48,455
Effects of		
Underwriting results subject to timing differences for taxation	24,476	7,042
Utilisation of tax losses	-	(17,841)
Foreign tax	1,357	639
Expenses not deductible for tax purposes	-	-
Other corporation computation adjustments	2,633	-
Marginal rates of taxation and prior period adjustment	(11,704)	-
	<u>25,174</u>	<u>38,295</u>
Current tax charge for the period		

The results of the Company's participation on the 2008, 2009 and 2010 years of account and any calendar year movement on 2007 and prior run-offs, will not be assessed to tax until the year ended 31 December 2011, 2012 and 2013 respectively being the year after the calendar year result of each run-off year or the normal date of closure of each year of account

7. Dividends	2010	2009
	£	£
Amounts recognised as distributions to equity holders in the period:		
Interim dividends paid	75,000	50,000

Chorlton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2010

8. Intangible Assets	2010	2009
	£	£
Purchased syndicate capacity		
Cost		
At 1 January 2010	117,494	82,924
Additions	14,120	35,334
Disposals	(5,349)	(764)
At 31 December 2010	<u>126,265</u>	<u>117,494</u>
Amortisation		
At 1 January 2010	63,590	54,061
Provided during the year	14,787	10,293
Disposals	(5,349)	(764)
At 31 December 2010	<u>73,028</u>	<u>63,590</u>
Net Book Value		
At 31 December 2010	53,237	53,904
At 31 December 2009	<u>53,904</u>	<u>28,863</u>

9. Financial Investments

Other financial investments - Syndicate

	2010	2010	2009	2009
	Market	Cost	Market	Cost
	Value	£	Value	£
	£	£	£	£
Shares and other variable yield securities and units in unit trusts	189,665	181,499	131,422	128,363
Debt securities and other fixed income securities	1,308,233	1,312,261	1,371,714	1,365,988
Participation in investment pools	62,942	60,462	40,557	37,755
Loans secured by mortgages	15,422	15,586	3,520	3,789
Other loans	6,968	6,969	47	47
Deposits with credit institutions	3,718	3,718	15,290	15,134
Other	19	674	135	398
	<u>1,586,967</u>	<u>1,581,169</u>	<u>1,562,685</u>	<u>1,551,474</u>

Listed investments included in the market value above

Shares and other variable yield securities and units in unit trusts	189,665	131,422
Debt securities and other fixed income securities	1,308,233	1,371,714
	<u>1,497,898</u>	<u>1,503,136</u>

Chorlton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2010

10. Other Debtors

	2010			2009		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Amounts due from group undertakings	-	-	-	-	-	-
Other	161,082	200,000	361,082	139,560	201,841	341,401
	<u>161,082</u>	<u>200,000</u>	<u>361,082</u>	<u>139,560</u>	<u>201,841</u>	<u>341,401</u>

11. Funds at Lloyd's

The amount of Funds at Lloyd's is represented in the balance sheet as

	2010			2009		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Cash	-	564,810	564,810	-	510,093	510,093
Investments	-	-	-	-	-	-
	<u>-</u>	<u>564,810</u>	<u>564,810</u>	<u>-</u>	<u>510,093</u>	<u>510,093</u>

Funds at Lloyd's represents assets deposited with the Corporation of Lloyd's (Lloyd's) to support the Company's underwriting activities as described in the Accounting Policies. The Company has entered into a Lloyd's Deposit Trust Deed which gives Lloyd's the right to apply these monies in settlement of any claims arising from the participation on the syndicates. These monies can only be released from the provision of this Deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset, or after the expiration of the Company's liabilities in respect of its underwriting.

12. Called-up Share Capital

	2010	2010	2009	2009
	Authorised	Allotted, called-up and fully paid	Authorised	Allotted, called-up and fully paid
Ordinary £1 shares	1,000,000	750,002	1,000,000	750,002

Chorlton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2010

13. Profit and Loss Account

	2010			2009		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Retained profit/(loss) brought forward	373,862	(91,987)	281,875	409,065	(238,314)	170,751
Reallocate distribution	(220,152)	220,152	-	(307,707)	307,707	-
Profit/(loss) for the financial year	58,170	(27,711)	30,459	272,504	(111,380)	161,124
Equity dividends	-	(75,000)	(75,000)	-	(50,000)	(50,000)
Retained profit/(loss) carried forward	211,880	25,454	237,334	373,862	(91,987)	281,875

14. Reconciliation of Movements in Shareholders' Funds

	2010	2009
	£	£
Opening shareholders' funds	1,031,877	920,753
Profit/(loss) for the financial year	30,459	161,124
Equity dividends	(75,000)	(50,000)
Proceeds from issue of shares	-	-
Closing shareholders' funds	987,336	1,031,877

15. Provision for Other Risks and Charges

	2010	2009
	£	£
Opening balance	78,510	47,189
Profit and loss account charge	(15,577)	31,321
Closing balance	62,933	78,510

Chorlton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2010

16. Other Creditors including Taxation and Social Security

	2010			2009		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Corporation tax	-	36,685	36,685	-	37,486	37,486
Director's loan accounts	-	3,202	3,202	-	-	-
Third party funds	-	-	-	-	-	-
Other creditors	177,674	2,529	180,203	172,950	1,432	174,382
Amount due to group undertakings	-	-	-	-	-	-
	<u>177,674</u>	<u>42,416</u>	<u>220,090</u>	<u>172,950</u>	<u>38,918</u>	<u>211,868</u>

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

	2010 £	2009 £
Profit/(loss) on ordinary activities before tax	40,056	230,740
(Profit)/loss attributable to syndicate transactions	161,982	35,203
Profit/(loss) – excluding syndicate transactions	202,038	265,943
(Increase)/decrease in debtors	542	(200,526)
Increase/(decrease) in creditors	47,565	(90,424)
(Profit)/loss on disposal of intangible assets	(7,758)	(12,422)
Amortisation of syndicate capacity	14,787	10,293
Realised/unrealised (gains)/losses on investments	(426)	-
Net cash inflow/(outflow) from operating activities	<u>256,748</u>	<u>(27,136)</u>

(b) Movement in Cash, Portfolio Investments and Financing

	At 1 January 2010 £	Cashflow £	Changes to Market Value £	At 31 December 2010 £
Cash	550,885	139,498	-	690,383
Other financial investments	-	9,913	426	10,339
	<u>550,885</u>	<u>149,411</u>	<u>426</u>	<u>700,722</u>

Chorlton Underwriting Limited

Notes to the Financial Statements For the year ended 31 December 2010

18. Related Party Disclosure

There are no related party issues to be disclosed in respect of the Company

19. Ultimate Controlling Party

The Company is controlled by Mr J P M Horner who holds 99.9% of the issued £750,002 ordinary share capital