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**LIMITED LIABILITY PARTNERSHIP**

**Eldred LLP**

**Financial Statements**

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**◆ For the year ended 31 December 2010 ◆**

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COMPANIES HOUSE

**Registered Number: OC321814**

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## **Eldred LLP**

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**Eldred LLP**

**GENERAL INFORMATION**

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**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**

OC321814

**REGISTERED OFFICE**

Fountain House  
130 Fenchurch Street  
London, EC3M 5DJ

**ACCOUNTANTS**

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

## **Eldred LLP**

### **MEMBERS' REPORT For the year ended 31 December 2010**

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The Members present their report together with the Financial Statements for the year ended 31 December 2010

#### **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. The Limited Liability Partnership ceased underwriting at 31 December 2008. The Members do not consider the Limited Liability Partnership to be a going concern and the financial statements have been prepared on a break up basis.

#### **RESULTS**

The financial statements incorporate the annual accounting results of the syndicates on which the Limited Liability Partnership participates for the 2008 year of account, as well as any 2007 and prior run-off years.

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

#### **DESIGNATED MEMBERS**

The Designated Members during the period were as follows

Argenta Continuity Limited  
Argenta LLP Services Limited

## **Eldred LLP**

### **MEMBERS' REPORT For the year ended 31 December 2010**

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#### **MEMBERS' INTERESTS**

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

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

#### **AUDITORS**

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

Approved by the Members on 10 June 2011 and signed on their behalf by



**D C BOWLES**  
**ARGENTA LLP SERVICES LIMITED**  
Designated Member

## **Eldred LLP**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF Eldred LLP For the year ended 31 December 2010**

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We have audited the Financial Statements of Eldred LLP 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. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Limited Liability Partnership's Members, 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 members 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 Limited Liability Partnership and the Limited Liability Partnership's Members, 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 Limited Liability Partnership's Members are responsible for the preparation of Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit and express an opinion on 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 2006 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 Limited Liability 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 Limited Liability 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.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

#### **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 Limited Liability 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.

**Eldred LLP**

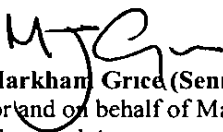
**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF Eldred LLP  
For the year ended 31 December 2010**

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**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 Limited Liability Partnership's affairs as at 31 December 2010 and of its profit/loss for the year then ended,
- the Financial Statements have been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Members' Report is consistent with the Financial Statements

  
**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

10 June 2011

## Eldred LLP

### PROFIT & LOSS ACCOUNT – TECHNICAL ACCOUNT – GENERAL BUSINESS For the year ended 31 December 2010

	Note	2010 £	2009 £
<b>Earned premiums, net of reinsurance</b>			
<b>Gross premiums written</b>			
Continuing operations	1	(8,508)	50,285
Outward reinsurance premiums	1	341	(8,063)
<b>Net premiums written</b>		<b>(8,167)</b>	<b>42,222</b>
<b>Change in the provision for unearned premiums</b>			
Gross provision	1	21,612	244,004
Reinsurers' share	1	(2,252)	(26,413)
<b>Earned premiums, net of reinsurance</b>		<b>11,193</b>	<b>259,813</b>
Allocated investment return transferred from the non-technical account		11,178	27,007
Other technical income, net of reinsurance		259	2,488
<b>Claims incurred net of reinsurance claims paid</b>			
Gross amount	1	(191,177)	(322,708)
Reinsurers' share	1	37,945	56,686
<b>Net claims paid</b>		<b>(153,232)</b>	<b>(266,022)</b>
<b>Change in provision for claims</b>			
Gross amount	1	191,247	198,340
Reinsurers' share	1	(42,087)	(34,747)
<b>Net change in provisions for claims</b>		<b>149,160</b>	<b>163,593</b>
<b>Claims incurred, net of reinsurance</b>		<b>(4,072)</b>	<b>(102,429)</b>
Changes in other technical provisions, net of reinsurance		-	-
Net operating expenses	1, 2	(15,967)	(91,461)
Other technical charges, net of reinsurance		-	-
<b>Balance on the technical account for general business</b>		<b>2,591</b>	<b>95,418</b>

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



## Eldred LLP

### PROFIT & LOSS ACCOUNT – NON TECHNICAL ACCOUNT For the year ended 31 December 2010

	Note	2010 £	2009 £
<b>Balance on general business technical account</b>		2,591	95,418
Investment income	3	14,722	36,916
Unrealised gains on investments		4,196	12,971
Investment expenses and charges	4	(3,504)	(13,858)
Unrealised losses on investments		(4,231)	(9,002)
Allocated investment return transferred to the general business technical account		(11,178)	(27,007)
Other income		-	(2,743)
Other charges		(12,252)	(16,914)
<b>Profit/(loss) for the financial period before Members' remuneration and profit shares</b>	5	<b>(9,656)</b>	<b>75,781</b>
Members' remuneration charged as an expense	6	-	-
<b>Profit/(loss) for the financial period available for division among Members</b>	9	<b>(9,656)</b>	<b>75,781</b>

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

All items derive from continuing activities

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

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

# Eldred LLP

## BALANCE SHEET As at 31 December 2010

	Note	31 December 2010			31 December 2009		
		Syndicate Participation £	Partnership £	Total £	Syndicate Participation £	Partnership £	Total £
<b>Assets</b>							
<b>Intangible assets</b>	7	-	-	-	-	-	-
<b>Investments</b>							
Financial investments	8	346,021	-	346,021	509,418	-	509,418
Deposits with ceding undertakings		81	-	81	172	-	172
		346,102	-	346,102	509,590	-	509,590
<b>Reinsurers' share of technical provisions</b>							
Provision for unearned premiums		-	-	-	1,709	-	1,709
Claims outstanding		112,819	-	112,819	152,772	-	152,772
Other technical provisions		-	-	-	-	-	-
		112,819	-	112,819	154,481	-	154,481
<b>Debtors</b>							
Arising out of direct insurance operations		29,856	-	29,856	53,508	-	53,508
Arising out of reinsurance operations		25,656	-	25,656	62,047	-	62,047
Other debtors		27,407	-	27,407	31,585	-	31,585
		82,919	-	82,919	147,140	-	147,140
<b>Other assets</b>							
Cash at bank and in hand		(7,057)	64	(6,993)	18,096	64	18,160
Other		41,359	-	41,359	48,656	-	48,656
		34,302	64	34,366	66,752	64	66,816
<b>Prepayments and accrued income</b>							
Accrued interest		871	-	871	2,612	-	2,612
Deferred acquisition costs		(3)	-	(3)	5,464	-	5,464
Other prepayments and accrued income		954	-	954	1,350	-	1,350
		1,822	-	1,822	9,426	-	9,426
<b>Total assets</b>		577,964	64	578,028	887,389	64	887,453

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

# Eldred LLP

## BALANCE SHEET As at 31 December 2010

	Note	31 December 2010			31 December 2009		
		Syndicate Participation £	Partnership £	Total £	Syndicate Participation £	Partnership £	Total £
<b>Liabilities and Members' interests</b>							
<b>Members' interests due within one year</b>							
Members' capital classified as a liability under FRS 25	9	35,991	(26,637)	9,354	119,288	(14,495)	104,793
<b>Technical provisions</b>							
Provision for unearned premiums		-	-	-	21,268	-	21,268
Claims outstanding – gross amount		480,679	-	480,679	656,549	-	656,549
Other technical provisions		-	-	-	-	-	-
<b>Provisions for other risks and charges</b>							
		-	-	-	-	-	-
Deposit received from reinsurers		417	-	417	3,014	-	3,014
<b>Creditors</b>							
Arising out of direct insurance operations		24,726	-	24,726	29,664	-	29,664
Arising out of reinsurance operations		16,936	-	16,936	22,845	-	22,845
Amounts owed to credit institutions		-	-	-	38	-	38
Other creditors including taxation and social security		36,336	-	36,336	43,326	-	43,326
		559,094	-	559,094	776,704	-	776,704
Accruals and deferred income		(17,121)	26,701	9,580	(8,603)	14,559	5,956
<b>Total liabilities</b>		<b>577,964</b>	<b>64</b>	<b>578,028</b>	<b>887,389</b>	<b>64</b>	<b>887,453</b>

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



**D C BOWLES**  
**ARGENTA LLP SERVICES LIMITED**  
10 June 2011

Registered Number OC321814

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

## Eldred LLP

### CASH FLOW STATEMENT For the year ended 31 December 2010

	Note	2010 £	2009 £
<b>Operating activities</b>			
Net cash inflow/(outflow) from operating activities	10(a)	(6,704)	2,024
<b>Returns on investments and servicing of finance</b>			
Interest received		-	-
Interest paid		-	-
<b>Capital expenditure</b>			
Purchase of syndicate capacity		-	-
Proceeds from sale of syndicate capacity		-	196
<b>Transactions with Members and former Members</b>			
Payment to Members		-	-
Contributions by Members		6,704	(8,722)
Post retirement payments to former Members		-	-
Net cash inflow/(outflow) for the year	10(b)	<u>-</u>	<u>(6,502)</u>
Cash flows were invested as follows			
Increase/(decrease) in cash holdings		-	(6,502)
Purchase of financial investments		-	-
Sale of financial investments		-	-
Net investment of cash flows	10(b)	<u>-</u>	<u>(6,502)</u>

The Limited Liability Partnership has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the cash flow statement is prepared reflecting only the movement in Limited Liability Partnership funds, which includes transfers to and from the syndicates at Lloyd's.

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

# **Eldred LLP**

## **STATEMENT OF ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

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

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

The Financial Statements have been prepared in accordance with Sections 1164 and 1165 of the Companies Act 2006, and Schedule 3 of SI 2008/410, the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 and the recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2005, as amended in December 2006. The Financial Statements have also been prepared in accordance with the Statement of Recommended Practice on Accounting by Limited Liability Partnerships dated March 2006

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

### **BASIS OF ACCOUNTING**

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

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

For each such Syndicate, the Partnership's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the Partnership'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 Partnership's insurance creditors

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

The Partnership 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 Partnership. 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

# Eldred LLP

## STATEMENT OF ACCOUNTING POLICIES (continued)

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### **i Accounting convention**

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

### **ii Going concern**

The members do not consider the partnership to be a going concern and have prepared the financial statements on a break up 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 Partnership 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 Partnership'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 members consider 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.

## Eldred LLP

### STATEMENT OF ACCOUNTING POLICIES (continued)

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#### 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 Partnership participates on successive years of account of the same syndicate and there is a reinsurance to close between those years, the Partnership has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

If the Partnership 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 Partnership has assumed a greater proportion of the business of the Syndicate. If the Partnership 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 Partnership'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 Partnership's outstanding gross liabilities in respect of the business so reinsured.

#### viii Investments

**Syndicate** Where investments represent the Partnership'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.

## **Eldred LLP**

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

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**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 Partnership's share of Syndicate operating expenses, the remuneration payable to Managing Agents (and the Partnership'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 Partnership has purchased the right to participate on Syndicates, the cost is capitalised and amortised in equal annual instalments over five years.

#### **Members' Interests**

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

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

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

#### **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.

#### **Members Agent Fees**

The Members consider it more accurate to accrue for the members agent fee and profit commission for the year of account that is closing, currently 2008 for the current period accounts. Previously these expenses were only accrued for in the year that a final distribution was being made. Consequently, 2 years of expenses have been accrued for in the current year accounts for both 2007 and the current closing year, 2008. The effect of this change is an additional accrual of £7,948.



# Eldred LLP

## 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 £
<b>Direct Insurance</b>						
Accident and health	209	1,029	(268)	(1,419)	36	(622)
Motor – third party liability	17	186	(95)	(91)	5	5
Motor – other classes	(4,641)	(4,205)	(27,020)	181	65	(30,979)
Marine, aviation and transport	(2,221)	689	7,429	(1,602)	(1,415)	5,101
Fire and other damage to property	(1,748)	2,293	5,733	(3,148)	(1,627)	3,251
Third party liability	(185)	6,721	6,720	(3,034)	179	10,586
Credit and suretyship	812	2,658	3,923	(3,219)	(2,198)	1,164
Legal expenses	148	841	(778)	(369)	180	(126)
Assistance	-	-	-	-	-	-
Miscellaneous	(130)	(130)	(40)	(10)	23	(157)
	(7,739)	10,082	(4,396)	(12,711)	(4,752)	(11,777)
<b>Reinsurance</b>	(769)	3,022	4,466	(3,256)	(1,301)	2,931
<b>Total</b>	<b>(8,508)</b>	<b>13,104</b>	<b>70</b>	<b>(15,967)</b>	<b>(6,053)</b>	<b>(8,846)</b>

2009	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
<b>Direct Insurance</b>						
Accident and health	3,313	8,924	(3,329)	(3,302)	(289)	2,004
Motor – third party liability	610	1,578	(1,070)	(367)	(119)	22
Motor – other classes	416	32,633	(28,342)	(8,119)	696	(3,132)
Marine, aviation and transport	7,445	43,953	(9,442)	(13,094)	(4,961)	16,456
Fire and other damage to property	17,617	83,852	(37,070)	(26,208)	(4,156)	16,418
Third party liability	12,975	56,739	(17,662)	(17,640)	1,890	23,327
Credit and suretyship	967	3,873	(6,338)	(612)	1,094	(1,983)
Legal expenses	139	352	(257)	(95)	6	6
Assistance	-	-	-	-	-	-
Miscellaneous	247	2,058	(816)	(704)	-	538
	43,729	233,962	(104,326)	(70,141)	(5,839)	53,656
<b>Reinsurance</b>	<b>6,556</b>	<b>60,327</b>	<b>(20,042)</b>	<b>(21,320)</b>	<b>(6,698)</b>	<b>12,267</b>
<b>Total</b>	<b>50,285</b>	<b>294,289</b>	<b>(124,368)</b>	<b>(91,461)</b>	<b>(12,537)</b>	<b>65,923</b>

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

## Eldred LLP

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2010

<b>2. Net Operating Expenses</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Acquisition costs	(286)	17,241
Change in deferred acquisition costs	5,717	59,140
Administrative expenses	1,363	6,364
Reinsurance commissions and profit participations	(423)	(5,886)
Personal expenses	9,596	14,602
	<b>15,967</b>	<b>91,461</b>
<b>3. Investment Income</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Income from investments	11,364	18,190
Gains on the realisation of investments	3,353	18,706
Bank deposit interest	5	20
	<b>14,722</b>	<b>36,916</b>
<b>4. Investment Expenses and Charges</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Investment management expenses, including interest	675	839
Losses on the realisation of investments	2,829	13,019
	<b>3,504</b>	<b>13,858</b>
<b>5. Profit/(Loss) for the Financial Period Before Members' Remuneration and Profit Shares</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
The profit/(loss) on ordinary activities is stated after charging/(crediting)		
Amortisation of syndicate capacity	-	-
(Profit)/loss on disposal of syndicate capacity	-	2,743
(Profit)/loss on exchange	(9,532)	6,810
Interest on bank loans and overdrafts	-	-
Other interest	-	-

The Limited Liability Partnership has no employees

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

# Eldred LLP

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2010

### 6. Members' Remuneration

The average number of Members during the period was 3

7. Intangible Assets	2010	2009
	£	£
<b>Purchased syndicate capacity</b>		
<b>Cost</b>		
At 1 January 2010	-	4,898
Additions	-	-
Disposals	-	(4,898)
At 31 December 2010	-	-
<b>Amortisation</b>		
At 1 January 2010	-	1,959
Provided during the year	-	-
Disposals	-	(1,959)
At 31 December 2010	-	-
<b>Net Book Value</b>		
At 31 December 2010	-	-
At 31 December 2009	-	2,939

### 8. Financial Investments

#### Other financial investments - Syndicate

	2010 Market Value £	2010 Cost £	2009 Market Value £	2009 Cost £
Shares and other variable yield securities and units in unit trusts	27,856	27,491	30,996	30,197
Debt securities and other fixed income securities	290,041	291,020	451,051	449,934
Participation in investment pools	21,607	20,906	17,131	16,111
Loans secured by mortgages	4,124	4,160	2,624	2,689
Other loans	1,673	1,673	19	19
Deposits with credit institutions	699	699	7,468	7,388
Other	21	21	129	165
	<u>346,021</u>	<u>345,970</u>	<u>509,418</u>	<u>506,503</u>
Listed investments included within the above	<u>339,504</u>	<u>339,417</u>	<u>499,178</u>	<u>496,242</u>

# Eldred LLP

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2010

### 9. Members' Interests

	Syndicate	Limited Liability Partnership Members' Capital Classified as a Liability		Total
		Members' Capital Classified as a Liability £	Syndicate Capacity £	
Members' interests at 1 January 2010	119,288	6,717	(21,212)	104,793
Introduced by Members	-	-	-	-
Allocated profits/(losses) 2008 year of account	9,190	-	-	9,190
Allocated profits/(losses) 2009 year of account	-	-	-	-
Allocated profits/(losses) 2010 year of account	-	-	(18,846)	(18,846)
Reallocate distribution	(92,487)	-	92,487	-
Repayment of debt (including Members' capital classified as a liability)	-	-	(85,783)	(85,783)
Other movements	-	-	-	-
Members' interests at 31 December 2010	35,991	6,717	(33,354)	9,354

## Eldred LLP

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2010

<b>10. (a) Reconciliation of Operating Profit/(Loss) to Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Profit/(loss) on ordinary activities before tax	(9,656)	75,781
(Profit)/loss attributable to syndicate transactions	(9,190)	(88,151)
Profit/(loss) – excluding syndicate transactions	<u>(18,846)</u>	<u>(12,370)</u>
(Increase)/decrease in debtors	-	-
Increase/(decrease) in creditors	12,142	11,651
(Profit)/loss on disposal of syndicate capacity	-	2,743
Amortisation of syndicate capacity	-	-
Impairment of syndicate capacity	-	-
Realised/unrealised (gains)/losses on investments	-	-
Net cash inflow/(outflow) from operating activities	<u>(6,704)</u>	<u>2,024</u>

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

	<b>At 1 January 2010</b>	<b>Cash Flow</b>	<b>Changes to Market Value</b>	<b>At 31 December 2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash	64	-	-	64
Other financial investments	-	-	-	-
	<u>64</u>	<u>-</u>	<u>-</u>	<u>64</u>

#### 11. Related Party Disclosure

There are no related party transactions to be disclosed

#### 12. Ultimate Controlling Party

The ultimate controlling party of the Partnership is Mr J Eldred