Registered in England and Wales Number: 1445992

RELIANCE NATIONAL INSURANCE COMPANY (EUROPE) LIMITED

Report and Financial Statements

31 December 2012

Registered Office: Cutlers Court
115 Houndsditch
London
EC3A 7BR

Contents

OFFICERS AND PROFESSIONAL ADVISERS

Directors:

E S Seaburgh	Director
S P McDermott	Director

Secretary:

S P McDermott

Registered Office:

Cutlers Court
115 Houndsditch
London
EC3A 7BR

Auditor:

Deloitte LLP
London

Bankers:

NatWest Bank Plc
City of London Office
PO Box 12258
1 Princes Street
London
EC2R 8PA

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2012.

Principal activities

The Company no longer underwrites business. Its principal activity is the run-off of general insurance and reinsurance business.

Review of the business and future development

The results for the year are set out on pages 9 and 10

The Directors proposed and paid a dividend of GBP45,000,000 after finalising the Scheme of Arrangement ("Scheme) in the year ended 31 December 2012 (2011: £nil).

The Company has not written any new business since it voluntarily ceased underwriting on 15 January 2001 and its authorisation to write new and renewal business was withdrawn by the Financial Services Authority on 30 November 2001 at the Company's request.

As part of running off its general insurance and reinsurance business, the Company will carry on investment activities in relation to assets under its control Since 2008, the company's investment strategy is to allow fixed interest securities to mature or liquidate as appropriate and the proceeds to be placed on fixed term bank deposits. All funds were held as at the balance sheet date in bank deposits, with the exception of US$9,982,932 which is held in US Treasury stock.

During the year, the Company completed the Scheme for all its insurance liabilities. All that remains is a small number of policies that were specifically excluded from the Scheme.
On 4 October 2005, the Company was granted leave by the English court to convene a creditors meeting for the purposes of considering a solvent Scheme. The meeting duly took place on 2 February 2006 where the requisite majorities approved the Scheme.The Scheme was sanctioned by the English High Court on 20 October 2006 and also became effective as at that date (the "Effective Date"). All Scheme creditors were given the opportunity to submit a claim in the Scheme by 21 May 2007 (the "Final Claims Submission Date"). All of the submitted claims have been agreed and paid in accordance with terms and conditions of the Scheme document The Scheme was completed on 18 September 2012.

The result of the Scheme and its consequent impact on the Company's outwards reinsurance are reflected in these financial statements.
During the year, claims development in respect of the Scheme excluded business, has broadly followed expectations

DIRECTORS' REPORT (CONTINUED)

Financial Risk Management objectives and policies

The Company is exposed to financial risk, mainly through its financial assets and technical provisions. The key financial risk is that proceeds from financial assets are not sufficient to fund claims as they fall due.

The most important components of these risks are; solvency risks, timing and valuation risk in relation to technical provisions and interest rate, currency, credit and liquidity risk in relation to financial assets.

The Company manages these risks by.

- employing specialist claims handlers who perform the day-to-day monitoring of its insurance liabilities and reinsurance assets;
- regularly reviewing the creditworthiness of its reinsurers;
- seeking to commute its reinsurance asset at the earliest opportunity,
- reviewing cash flow requirements to ensure its liquidity needs are met, and
- matching foreign currency liabilities with corresponding currency assets to minimise the impact of movements in foreign exchange rates.

Going concern

The company has net assets of £9,454,163 as at the balance sheet date, which include significant positive bank balances, and there are no liquidity issues. The Company has agreed and paid all of the claims submitted under the Scheme. The excluded business continues to be run off and there has been no deterioration in reserves. The Company considers the possibility of the remaining claims reaching their maximum policy limits and therefore impact solvency to be extremely low. There is little or no exposure to the uncertainties in the current economic environment since the company does not have any invested assets which are likely to be affected by the financial market turmoil

Based upon this the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Directors

There were no changes to the Directors holding office during 2012; these are as shown on Page 2.

DIRECTORS' REPORT (CONTINUED)

Auditors

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting. Accordingly, Deloitte LLP shall be deemed to continue as auditors.

Disclosure of relevant information to Auditors

Each of the persons who is a Director, at the date of approval of this report, confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all reasonable steps they ought to have taken as Directors in order to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors 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 and 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed; and
- 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 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 They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Share Capital

In 2011 the Company elected under the Companies (Reduction of Share Capital) Order 2008 to reduce its share capital from £85,100,000 to £5,000,000 This was passed by special resolution supported by a Director's solvency statement The capital reduction was registered at Companies House on 9 December 2011.

DIRECTORS' REPORT (CONTINUED)

Approved by the Board of Directors and signed on behalf of the Board.

ES Seaburgh, Director

Reliance National Insurance Company (Europe) Limited
Registered in England and Wales Number 1445992

8 March 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RELIANCE NATIONAL INSURANCE COMPANY (EUROPE) LIMITED

We have audited the financial statements of Reliance National Insurance Company (Europe) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Equity Shareholders' Funds, the Statement of Total Recognised Gains and Losses and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, 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 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 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 auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the insurer's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2012 and of its profit 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RELIANCE NATIONAL INSURANCE COMPANY (EUROPE) LIMITED (Continued)

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Colin Rawlings FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
8 March 2013

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2012

	Notes	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Technical Account					
Gross premium written	3		-		10
Outward reinsurance premiums			-		(1)
Earned premiums, net of reinsurance			-		9
Claims paid					
- gross amount		(5,230)		13	
- reinsurers' share		1,294		3	
Net claims paid			(3,936)		16
Change in the provision for claims					
- gross amount		13,791		164	
- reinsurers' share		(3,303)		(36)	
Change in the net provision for claims			10,488		128
Claims incurred, net of reinsurance	4		6,552		144
Net operating expenses	5		(1,237)		(446)
Total Technical Charges			(1,237)		(446)
Balance on the technical account for general business before and after equalisation provisions	3		5,315		(293)

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2012

Non-Technical Account	Notes	2012 £'000	2011 £'000
Balance on the general business technical account		5,315	(293)
Investment income	7	181	176
Foreign exchange revaluation		185	(14)
Profit / (loss) on ordinary activities before taxation		5,681	(131)
Tax charge on profit on ordinary activities	8	-	-
Retained profit / (loss) for the financial year	14	**5,681**	**(131)**

The Company ceased underwriting activities on 15 January 2001 therefore all of the results of the operations arise from discontinued underwriting activities. However, the Company continues to trade and manage its general insurance business.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Profit / (loss) for the financial year		5,681	(131)
Currency translation differences on foreign currency net assets	14	(1,353)	301
Total recognised gains and losses relating to the financial year		**4,328**	**170**

The notes on pages 14 to 26 form an integral part of the financial statements.

BALANCE SHEET
As at 31 December 2012

	Notes	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Assets					
Investments					
Other financial investments	19	6,140		13,333	
			6,140		13,333
Reinsurers' share of technical provisions					
Claims outstanding		4		3,452	
			4		3,452
Debtors					
Debtors arising out of reinsurance operations		407		393	
Amounts owed from group undertakings	11	207		185	
			614		578
Other assets					
Tangible assets	9	-		-	
Cash at bank and in hand		5,356		49,267	
			5,356		49,267
Prepayments and accrued income			119		44
Total assets			**12,233**		**66,674**

BALANCE SHEET
As at 31 December 2012

	Notes	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Capital and reserves					
Called up share capital	10	5,000		5,000	
Profit and loss account	14	4,454		45,126	
Equity shareholders' funds			9,454		50,126
Liabilities					
Technical Provisions					
Claims outstanding		106		14,803	
			106		14,803
Creditors					
Arising out of direct insurance operations		-		15	
Arising out of reinsurance operations		-		164	
Other creditors including taxation and social security	12	338		334	
			338		513
Accruals and deferred income	13		71		452
Provisions for other risks and charges	16		2,264		780
Total liabilities and equity			12,233		66,674

These financial statements were approved by the Board of Directors on 8 March 2013

Signed on behalf of the Board of Directors

E.S. Seaburgh

ES Seaburgh
Director
Cutlers Court
115 Houndsditch, London EC3A 7BR
Registered company number 1445992

The notes on pages 14 to 26 form an integral part of the financial statements

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS
For the year ended 31 December 2012

	2012 £'000	2011 £'000
Profit / (loss) for the financial year	5,681	(131)
Dividend Paid	(45,000)	-
Other recognised gains and losses relating to the financial year	(1,353)	301
Net (decrease) / increase to equity shareholders' funds	(40,672)	170
Opening equity shareholders' funds	50,126	49,956
Closing equity shareholders' funds	**9,454**	**50,126**

The notes on pages 14 to 26 form an integral part of the financial statements

NOTES TO THE ACCOUNTS

1. Accounting policies

Basis of preparation

The accounts are prepared in accordance with Section 255 of, and Schedule 9A to, the Companies Act 2006. The financial statements are prepared in accordance with United Kingdom accounting standards and under the historical cost convention. The Company has adopted all recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued in December 2005, as amended in December 2006, by the Association of British Insurers ("the ABI SORP").

The Company informed the Financial Services Authority, on 15 January 2001, of its decision to voluntarily cease underwriting new business and has not written any new business since this date On 30 November 2001 the Company's authorisation to write new and renewal business was withdrawn at the request of the Company.

The particular accounting policies adopted are described below. They have been applied consistently thought out the year and the preceding year,

Basis of Accounting

The results are reported under the annual accounting basis.

Going concern

The Financial Statements have been prepared on a going concern basis The Directors' assessment of the going concern basis is discussed in the Directors' Report under the heading 'Going Concern'.

Premium

Gross premiums written comprise premium adjustments to prior years' risks. Written premiums are stated gross of commissions payable to intermediaries and exclusive of taxes and duties levied on premiums.

Outwards reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards reinsurance business.

Acquisition costs

Expenses which are identified as acquisition costs (including commission) are charged over the same accounting periods as the related premiums are recognised.

NOTES TO THE ACCOUNTS (CONTINUED)

1. Accounting policies (continued)

Claims incurred

Claims incurred comprise claims paid during the year, related claims handling expenses and the movement in the provisions for outstanding claims and settlement expenses. It also includes Ascertained Scheme claims which comprise Scheme claims agreed in the financial year

Outwards reinsurance recoveries are accounted for in the same accounting period as the claims for the related direct or inwards reinsurance business being reinsured.

Claims outstanding

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

Non Scheme claims

Full provision is made for outstanding claims and expenses incurred at the balance sheet date including an estimate for the cost of claims incurred but not reported at that date

Scheme claims

The Scheme was completed on 18 September 2012

Foreign exchange

The profit and loss account includes transactions denominated in foreign currencies and translated into sterling at the rates ruling at the year-end date. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. The exchange differences are dealt with in the Statement of Total Recognised Gains and Losses All other exchanges differences are included in the non-technical account as they arise

NOTES TO THE ACCOUNTS (CONTINUED)

1. Accounting policies (continued)

Taxation

Current tax, including UK Corporation tax, is provided at amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date

Deferred taxation is provided in full on timing differences that 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

Operating leases

The responsibility for operating leases has transferred to Quest Consulting (London) Limited in accordance with the service level agreements. This expense now forms part of the administration of run-off costs.

Investments - other

All other investments are stated at market value taking into account actual or estimated realisation costs for investments sold after the balance sheet date or to be sold in the short term

Investment return

All investment returns are recognised in the non-technical account.

Realised gains or losses represent the difference between the net sales proceeds and purchase price.

Unrealised gains or losses represent the difference between the valuation of investments at the balance sheet date and their purchase price. The movement in unrealised investment gains and losses therefore includes the reversal of previously recognised unrealised gains and losses on investments disposed of in the current year.

NOTES TO THE ACCOUNTS (CONTINUED)

1. Accounting policies (continued)

Run-off provision

The run-off provision will be released over the life of the run-off, to meet operating expenses (net of future investment income) and is reassessed every year

Cash flow

The Company is a wholly-owned subsidiary of Whittington Group Pte Ltd and the cash flows of the Company are included in that company's consolidated cash flow statement. Consequently the Company is exempt under the terms of Financial Reporting Standard 1 from producing a cash flow statement.

2. Basis of reserving

During the year, the Company has been subject to a Scheme of Arrangement ("Scheme") for all its insurance liabilities except for a small number of policies which were excluded from the Scheme. On 4 October 2005, the Company was granted leave by the English court to convene a creditors meeting for the purposes of considering a solvent Scheme The meeting duly took place on 2 February 2006 where the requisite majorities approved the Scheme.

The Scheme was sanctioned by the English High Court on 20 October 2006 and also became effective as at that date (the "Effective Date") All Scheme creditors were given the opportunity to submit a claim in the Scheme by 21 May 2007 (the "Final Claims Submission Date") All of submitted claims have been agreed and paid in accordance with terms and conditions of the Scheme document. The Scheme was completed on 18 September 2012.

In respect of Non Scheme business, the Company sets its provision for claims outstanding on an individual-case basis, based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs and net of salvage and subrogation recoveries. The provision also includes the estimated cost of claims incurred but not reported at the balance sheet date based on statistical methods.

NOTES TO THE ACCOUNTS (CONTINUED)

2. Basis of reserving (continued)

The provision for claims outstanding is based on information available at the balance sheet date, however, significant delays can be experienced in the notification and settlement of certain claims, and accordingly the ultimate cost of such claims cannot be known with certainty at the balance sheet date In particular, estimates of technical provisions inevitably contain inherent significant uncertainties because significant periods of time may elapse between the occurrence of an insured loss, the claim triggering the insurance under a claims-made coverage, the reporting of that claim to the Company and the Company's payment of the claim and the receipt of reinsurance recoveries.

For Non Scheme claims whilst the Directors consider that the gross provision for claims and the related recoveries are fairly stated on the basis of the information currently available to them, there is inherent uncertainty in relation to the ultimate liability which will vary as a result of subsequent information and events and may result in adjustments to the amount provided. Adjustments to the amount of the provisions are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

NOTES TO THE ACCOUNTS (CONTINUED)

3. Segmental and geographical information

Segmental Information	MAT	Property	Third party liability	Other classes	Total
2012	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Gross Premium written	-	-	-	-	-
Gross premium earned	-	-	-	-	-
Gross claims incurred	-	10	8,551	-	8,561
Gross operating expenses	-	-	247	-	247
Gross technical result	-	10	8,798	-	8,808
Reinsurance balance	-	(4)	(2,005)	(1,484)	(3,493)
Technical result	-	6	6,793	(1,484)	5,315

2011	£'000	£'000	£'000	£'000	£'000
Gross Premium written	8	2	-	-	10
Gross premium earned	8	2	-	-	10
Gross claims incurred	-	(1)	178	-	177
Gross operating expenses	(314)	(100)	(3)	-	(417)
Gross technical result	(306)	(99)	175	-	(230)
Reinsurance balance	-	(4)	(29)	(30)	(63)
Technical result	(306)	(103)	146	(30)	(293)

NOTES TO THE ACCOUNTS (CONTINUED)

3. Segmental and geographical information (continued)

Geographical analysis of gross premiums written

	2012 £'000	2011 £'000
United Kingdom	-	-
Other European Union countries	-	8
Rest of the world	-	2
	-	10

Net assets are maintained to meet solvency requirements of the Company as a whole and as a consequence segmental analysis of net assets has not been provided. The Company's investment portfolio is managed in such a manner that a meaningful analysis of investment income is not available therefore no segmental analysis of loss / profit before taxation has been provided.

4. Prior years' claims provisions

Material over provisions for claims at the beginning of the year as compared with net payments and provisions at the end of the year in respect of prior years' claims are as follows:

	2012 £'000	2011 £'000
Property	6	(3)
Third-party Liability	6,546	147
	6,552	144

5. Net operating expenses

	2012 £'000	2011 £'000
Administration expenses	439	413
Movement in Bad Debt provision and debtor write offs	(688)	3
Gross operating expenses	(247)	416
Movement in Run-off provision	1,484	30
	1,237	446

NOTES TO THE ACCOUNTS (CONTINUED)

5. Net operating expenses (continued)

Administrative expenses above include the following amounts:

	2012 £'000	2011 £'000
Fees payable to the Company's auditor		
Fees for the audit of the Company's annual accounts	20	20
Fees for other services pursuant to legislation	4	8
Total audit fees	24	28
Non-audit fees		
Fees for tax services	2	2
Total Non-audit fees	2	2
Management and run-off fees		
Management fees	80	20
Administration of run-off	175	308

Management and run-off fees were paid to Quest Consulting (London) Limited for providing run-off services to Reliance National Insurance Company (Europe) Limited.

6. Information regarding Directors and employees

Directors

Elaine Seaburgh was paid in respect of her services to the Whittington Group as a whole and her remuneration is disclosed in the accounts of Whittington Group PTE Limited.
Sean McDermott is employed by Quest Consulting (London) Limited and receives no remuneration from Reliance National Insurance Company (Europe) Limited. Quest Consulting (London) Limited received management fees during the year, as detailed in note 5

Employees

Reliance National Insurance Company (Europe) Limited has one employee as detailed above and their remuneration is disclosed in the accounts of Whittington Group PTE Limited

7. Investment income

	2012 £'000	2011 £'000
Investment income	181	176
	181	176

NOTES TO THE ACCOUNTS (CONTINUED)

8. Taxation and deferred taxation

Profit and Loss Account

	2012 £'000	2011 £'000
i) Analysis of tax on ordinary activities		
UK corporation tax at 24.5% (2011: 26 5%) on profit on ordinary activities	-	-
Tax on losses surrendered to Group companies	-	-

ii) Factors affecting tax charge for the current year

The tax credit (2011: credit) for the year is lower than that resulting from applying the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below.

	2012 £'000	2011 £'000
Profit / (loss) on ordinary activities before tax:	5,681	(131)
Corporation tax at 24.5% (2011. 26.5%)	(1,392)	35
Factors affecting charge.		
Permanent differences	331	(80)
Capital allowances in excess of depreciation	11	15
Movement in short-term timing differences	95	(1)
Adjustment to tax losses surrendered in prior years	955	31
Current tax credit for the year	-	-

iii) Factors that may affect the future tax charge

The deferred tax assets, which have not been recognised as it is not considered that they will be recoverable in the foreseeable future, comprise·

	2012 £'000	2011 £'000
Losses – trading and capital losses	5,857	6,814
Timing difference on run off provision	(48)	(79)
Total unprovided deferred tax assets	5,809	6,734

iv) Deferred tax

No deferred tax has been provided for (2011: £nil)

NOTES TO THE ACCOUNTS (CONTINUED)

9. Tangible assets

	Computer equipment £'000	Total £'000
Cost		
At 1 January 2012	4	4
Additions	-	-
Disposal of assets	-	-
At 31 December 2012	4	4
Accumulated depreciation		
At 1 January 2012	4	4
Charge for the year	-	-
Disposal of assets	-	-
At 31 December 2012	4	4
Net book value		
At 31 December 2012	-	-
At 31 December 2011	-	-

10. Called up share capital

	2012 £'000	2011 £'000
Authorised:		
Ordinary shares of £1 each	100,000	100,000
Called up and allotted:		
Ordinary shares of £1 each fully paid	5,000	5,000
	5,000	5,000

In December 2011, Reliance National Insurance Company (Europe) Limited passed a resolution and reduced its share capital from GBP85,1000,000 to GBP5,000,000.

NOTES TO THE ACCOUNTS (CONTINUED)

11. Amounts owed from / to group undertakings

	2012 £'000	2011 £'000
Owed from Group undertakings In respect of taxation detailed in note 8	207	185
Amounts owed from Group undertakings	207	185

12. Other creditors including taxation and social security

	2012 £'000	2011 £'000
Other creditors	338	334
	338	334

The Company has provided a guarantee for certain potential future liabilities. Consequently, a letter of credit is held by the Company's bankers The outstanding amount as at 31 December 2012 was £334,544 (2011· £334,544). The collateral asset in connection with the above is £339,739 (2011: £338,217).

13. Accruals and deferred income

	2012 £'000	2011 £'000
Other accruals and deferred income	71	452

14. Movements on profit and loss account

	2012 £'000	2011 £'000
Balance at 1 January	45,126	(35,144)
Currency retranslation	(1,353)	301
Dividend Paid	(45,000)	-
Share Capital Reduction	-	80,100
Retained profit / (loss) for the financial year	5,681	(131)
Balance at 31 December	4,454	45,126

NOTES TO THE ACCOUNTS (CONTINUED)

15. Operating lease commitments

Reliance National Insurance Company (Europe) Limited does not have any operating leases commitments

16. Provisions for other risks and charges

	2012 £'000	2011 £'000
At 1 January	780	750
Utilised in the financial year	(368)	-
Change in provision	1,852	30
At 31 December	2,264	780

The run-off provision will be released over the life of the run-off, currently being broadly estimated to conclude by 31 December 2013, to meet operating expenses, net of forecast investment income of £nil. (2011: £nil)

17. Related party transactions

The Company has taken advantage of the exemption under Financial Reporting Standard No 8 available to wholly owned subsidiary companies not to disclose related party transactions between itself, Whittington Investments (Guernsey) Limited or their respective subsidiaries. There have been no related party transactions with entities outside of this Group

Reliance Group Holdings Inc and its respective subsidiaries (including Reliance National (UK) Limited) ceased to be related parties of the Company from 10 October 2003, when the shares in the Company were purchased by Whittington Investments (Guernsey) Limited (formerly Omni Whittington Investments (Guernsey) Limited).

As at 31 December 2012 the amounts due from Reliance Group Holdings Inc (and its respective subsidiaries) were £nil (2011: £nil)

Reliance National (UK) Limited retains a contractual right to additional consideration in respect of the disposal of the shares of the Company, based upon the future dividends and/or distribution from the Company, up to specified limits and subject to the conditions set out in the Sale and Purchase Agreement of the Company entered into between Reliance National (UK) Limited, Whittington Investments (Guernsey) Limited (formerly Omni Whittington Investments (Guernsey) Ltd), and Omni Bridgeway Group BV (formerly Omni Whittington Group BV).

In June 2012 Reliance National Insurance Company (Europe) Limited assigned all of its rights, interests and entitlements to all (re)insurance assets with the exception of the Excluded Recoveries, under a Deed of Assignment to Quest Consulting (London) Limited.

18. Pensions

The Company operated a defined contribution pension and contributions are fully expensed to the profit and loss account during the year. Pension cost charges for the year amounted to £7,846 (2011 £nil).

NOTES TO THE ACCOUNTS (CONTINUED)

19. Other financial investments

	Current Value 2012	Current Value 2011	Cost 2012	Cost 2011
	£'000	£'000	£'000	£'000
Listed:				
Debt securities and other fixed income securities	6,140	13,333	6,332	13,333

20. Ultimate parent company

The controlling party and parent undertaking of the largest group which includes the Company and for which group financial statements are prepared is Whittington Group Pte Ltd, a company incorporated in Singapore The parent undertaking of the smallest such group is Whittington Investments (Guernsey) Limited, a company incorporated in Guernsey. Its results are consolidated with the results of its ultimate parent company, Whittington Group Pte Ltd. Prior to being acquired by Whittington Group Pte Ltd, the Company's ultimate parent and controlling company was Reliance Group Holdings Inc., incorporated in the United States of America A copy of the accounts can be obtained from Whittington Group Pte Ltd, 1 George Street #16-03, One George Street, Singapore 049145.