

COMPANY REGISTRATION NO 2859401

NEW LONDON CAPITAL HOLDINGS LIMITED

**REPORT AND
ACCOUNTS**

FOR THE YEAR ENDED 31 DECEMBER 2009

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NEW LONDON CAPITAL HOLDINGS LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

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NEW LONDON CAPITAL HOLDINGS LIMITED

DIRECTORS, OFFICERS AND REGISTERED OFFICE

Directors

S V Castle

C D Hill

J B O'Roarke

(Resigned 31 January 2009)

Secretary

P B Cassidy

Registered office

County Gates

Bournemouth

BH1 2NF

Tel 01202 292333

Fax 01202 751825

Auditor

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

31 Great George Street

Bristol

BS1 5QD

NEW LONDON CAPITAL HOLDINGS LIMITED (COMPANY REGISTRATION NUMBER 2859401)

DIRECTORS' REPORT

The Directors submit their annual report and the audited accounts for New London Capital Holdings Limited (the 'Company') for the year to 31 December 2009

1. Results and dividends

The loss on ordinary activities for the year after taxation was £23,343 (2008 £1,241,067 profit) The Directors did not approve or paid any dividends in the current year (2008 £1,241,475)

2. Principal activities

The Company's principal activity is that of an intermediate holding company and manager of underwriting capacity at Lloyd's on behalf of third parties The Company's subsidiary undertakings are all corporate members of the Society of Lloyd's

3. Review and developments

(a) Results and performance

The Company does not trade and does not have any performance objectives The Board do not consider it appropriate to report on key performance indicators

(b) Principal risks and uncertainties

Given the nature of the operations the Directors do not consider there are any significant risks and uncertainties facing the Company

(c) Future developments

The Directors do not expect any significant changes to the operations of the Company in the near future

4. Directors and their interests

The present members of the Board and the members who served during the year are listed on page 2

5. Basis of preparation

The accounts for the Company are presented using International Financial Reporting Standards as adopted in the European Union, drawn up on a going concern basis This is the first time that the accounts have been so presented and more detail on the change from UK Generally Accepted Accounting Principles previously adopted is given in note 16 The Directors have received a letter of support from Highway Insurance Group Plc As a result the financial statements have been prepared on a going concern basis

6. Parent company

The Company is a wholly owned subsidiary of Highway Insurance Group Plc The ultimate parent company is Liverpool Victoria Friendly Society Limited, an incorporated Friendly Society registered under the Friendly Societies Act 1992

7. Employees

The Company did not directly employ any staff, instead it utilised the staff and premises of Liverpool Victoria Friendly Society Limited in carrying out its activities in 2009

8. Charitable and political donations

No charitable or political donations have been made during 2009 (2008 £nil)

DIRECTORS' REPORT

9. Statement of disclosure of information to the auditor

Each Director at the date of this report confirms that

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- 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 auditor is aware of that information

10. Auditor

During the year KPMG resigned as auditor and PricewaterhouseCoopers LLP was appointed in succession

11. 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 International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRS) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on a 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 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.

APPROVED BY THE BOARD OF DIRECTORS AND SIGNED BY ORDER OF THE BOARD



P B Cassidy
Secretary

28 April 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW LONDON CAPITAL HOLDINGS LIMITED

We have audited the financial statements of the New London Capital Holdings Limited for the year ended 31 December 2009 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Company'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.

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 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NEW LONDON CAPITAL HOLDINGS LIMITED**

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

David Roper (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
31 Great George Street
Bristol
BS1 5QD

28 April 2010

NEW LONDON CAPITAL HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £	2008 £
Investment income		-	1,241,067
Other income		1	-
Total income		1	1,241,067
Write down of carrying value of investments in subsidiaries	8	(15,000)	-
Other operating and administrative expenses	5	(1)	-
(Loss)/profit before tax		(15,000)	1,241,067
Income tax expense	6	(8,343)	-
(Loss)/profit for the year		(23,343)	1,241,067
Total comprehensive income for the year		(23,343)	1,241,067

All balances relate to continuing operations

The notes on pages 10 to 16 are an integral part of the accounts

NEW LONDON CAPITAL HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Attributable to equity holders of the Company		
	Called up share capital	Retained earnings	Total
	£	£	£
Balance at 1 January 2009	2	-	2
Change in the year	-	(23,343)	(23,343)
Balance at 31 December 2009	2	(23,343)	(23,341)

	Called up share capital	Retained earnings	Total
	£	£	£
Balance at 1 January 2008	2	-	2
Balance at 31 December 2008	2	-	2

The notes on pages 10 to 16 are an integral part of the accounts

NEW LONDON CAPITAL HOLDINGS LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

	Note	2009 £	2008 £
Assets			
Investments in group undertakings	8	560,000	575,000
Trade and other receivables	9	-	1,253,671
Total assets		560,000	1,828,671
Liabilities			
Trade and other payables	10	583,341	1,828,669
Total liabilities		583,341	1,828,669
Equity			
Called up share capital	11	2	2
Retained deficit	12	(23,343)	-
Total equity		(23,341)	2
Total liabilities and equity		560,000	1,828,671

The notes on pages 10 to 16 are an integral part of the accounts

These accounts were approved by the Board of Directors on April 2010
Signed on behalf of the Board of Directors



S V Castle

NEW LONDON CAPITAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. General information

New London Capital Holdings Limited acts as a Corporate Name at Lloyd's. The Company is limited by shares, domiciled and incorporated in United Kingdom.

2. Going concern

The financial statements for New London Capital Holdings Limited have been prepared on a going concern basis because the Directors have received a letter of support from New London Capital Plc confirming that this company will ensure that the Company has sufficient funds for it to continue to meet its liabilities as they fall due.

3. Accounting policies

BASIS OF PRESENTATION

These accounts of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union ('EU') and the International Financial Reporting Interpretations Committee ('IFRIC') and also with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

IFRS 1, First-time Adoption of International Financial Reporting Standards, with the provisions of statutory instrument 2008/410, Schedule 3 and Schedule 6 part 3 to the Companies Act 2006 has been applied in preparing these accounts. These accounts are the first accounts to be prepared in accordance with IFRS.

Reconciliations and descriptions of the effects of the transition from UK Generally Accepted Accounting Principles (GAAP) to IFRS on the Company's statement of comprehensive income and statement of financial position are given in note number 16.

These accounts have been prepared under the historic cost convention, as modified by the revaluation of financial assets and liabilities at fair value through income.

The Company has not used any significant estimates or judgements in preparing the financial statements in conformity with IFRS. The principal accounting policies adopted are disclosed below. These policies have been consistently applied to all years presented unless otherwise stated.

A letter of support has been received from Highway Insurance Group Plc. As a result the financial statements have been prepared on a going concern basis.

Investment income

Investment income includes dividends, which are included on an ex-dividend basis.

NEW LONDON CAPITAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009

Income taxes

The income tax expense reflects the movement in current and deferred income tax in respect of income, gains, losses and expenses

- Current income tax

Current income tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date

- Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Investments in group undertakings

The subsidiaries are held in the Company's statement of financial position at cost less any provision for permanent diminution in value. An assessment of the realisable value is made at the year end and, if the directors assess that there has been a permanent fall in that value below the carrying value, a provision is made to bring the carrying value down to the assessed realisable value.

Trade and other receivables

Trade and other receivables are recognised when due and comprise amounts due to the Company from group undertakings and other receivables. Where there is objective evidence that the carrying value is impaired then the impairment loss will be recognised in the statement of comprehensive income.

Trade and other payables

Trade and other payables are recognised when due and include amounts due to group undertakings and accruals.

CHANGES IN ACCOUNTING POLICIES

(i) Standards, amendments to published standards and interpretations effective on or after 1 January 2009

The following amendments to published standards are mandatory for the Company's accounting periods beginning on or after 1 January 2009.

NEW LONDON CAPITAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009

IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009) The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income Comparative information has been presented so that it also conforms to the revised standard

(ii) Standards, amendments to published standards and interpretations early adopted by the Company

In 2009, the Company did not early adopt any new, revised or amended standards

(iii) Standards and interpretations effective in 2009 but not relevant to the Company's operations

IAS 16 'Property, plant and equipment' (and consequential amendment to IAS 7)
IAS 20 'Accounting for government grants and disclosure of government assistance' (Amendment)
IAS 29 'Financial reporting in hyperinflationary economies'
IAS 31 'Interests in joint ventures' (and consequential amendment to IAS 32 and IFRS 7)
IAS 32 and IAS 1 'Puttable financial instruments and obligations arising on liquidation'
IAS 38 'Intangible assets'
IAS 41 'Agriculture'
IFRIC 13 'Customer loyalty programmes'
IFRIC 15 'Agreements for the construction of real estates'

(iv) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods, but the Company has not early adopted them

IAS 1 (Amendment), 'Presentation of financial statements' The amendment is part of the IASB's annual improvements project published in April 2009 The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity as an unconditional right to defer settlement by transfer of cash or assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time The Company will apply IAS 1 (amendment) from 1 January 2010 It is not expected to have a material impact on the Company's financial statements

IAS 24 (Amendment), 'Related party disclosures' The amendment relaxes the disclosures of transactions between government-related entities and clarifies related-party definition The amendment is not expected to have an impact on the Company's financial statements

NEW LONDON CAPITAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009

4. Capital management

All of the Company's capital has been provided by New London Capital Plc

5. Other operating and administrative expenses

In 2009 the auditor's remuneration was borne by Highway Insurance Group PLC (2008 by New London Capital PLC)

6. Income tax (expense)/credit

a) Current year tax (expense)/credit

	2009 £	2008 £
Current tax expense:		
Prior year adjustment	(8,343)	-
Total current tax	(8,343)	-
Total income tax (expense)/credit	(8,343)	-

b) Reconciliation of tax (expense)/credit

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (28%). The differences are explained below

	2009 £	2008 £
(Loss)/profit before tax	(15,000)	1,241,067
Loss/(profit) multiplied by standard rate of corporation tax in the UK of 28% (2008 28.5%)	4,200	(353,704)
Effects of:		
Expenses not deductible for tax purposes	(4,200)	-
Non-taxable dividend income	-	353,704
Adjustments to tax charge in respect of prior years	(8,343)	-
Total tax (expense)/credit for the year	(8,343)	-

7. Directors' emoluments

The emoluments of the Directors are paid by the ultimate parent company which makes no recharge to the Company. The Directors are also Directors of Highway Insurance Group Plc (and a number of fellow subsidiaries) and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments. Total emoluments for the relevant Directors are included in the aggregate of Directors' emoluments disclosed in the financial statements of Highway Insurance Group Plc.

NEW LONDON CAPITAL HOLDINGS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

8. Investments in group undertakings

	2009 £	2008 £
Shares in subsidiaries		
Balance at 1 January	575,000	575,000
Write down of the carrying value of NLC Name No 3 Limited	(15,000)	-
Balance at 31 December	560,000	575,000

The following were the subsidiary companies throughout the year

Name	Incorporated and domiciled	Principal activity	Percentage held
NLC Name No 1	England and Wales	Corporate member of Lloyd's	100%
NLC Name No 2	England and Wales	Corporate member of Lloyd's	100%
NLC Name No 3	England and Wales	Corporate member of Lloyd's	100%
NLC Name No 4	England and Wales	Corporate member of Lloyd's	100%
NLC Name No 5	England and Wales	Corporate member of Lloyd's	100%
NLC Name No 7	England and Wales	Corporate member of Lloyd's	100%

9. Trade and other receivables

	2009 £	2008 £
Amounts due from group undertakings	-	1,253,671
	-	1,253,671

All trade and other receivables are available within one year

10. Trade and other payables

	2009 £	2008 £
Amounts due to group undertakings	583,341	1,828,669
	583,341	1,828,669

All trade and other payables are current liabilities

NEW LONDON CAPITAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009

11. Called up share capital

	2009 £	2008 £
Authorised		
1,000 (2008 1,000) ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid		
2 (2008 2) ordinary shares of £1 each	2	2

12. Retained deficit

	2009 £	2008 £
Balance at 1 January	-	408
(Loss)/profit for the year	(23,343)	1,241,067
Dividend paid	-	(1,241,475)
Balance at 31 December	(23,343)	-

13. Statement of cashflows

The Company has not prepared a statement of cashflows in accordance with IAS 7 as it does not hold any cash or bank accounts. All of the Company's liabilities are met by Liverpool Victoria Friendly Society Limited by means of intercompany settlements.

14. Related party transactions

The Company did not enter into transactions with key management personnel. All transactions are carried out on an arm's length basis. Details of significant transactions carried out during the year with related parties are as follows:

The following transactions have taken place between the Company and LV= Group

	2009 £	2008 £
Dividend paid to group	-	(1,241,475)
	-	(1,241,475)

Balances outstanding between the Company and LV= Group

	2009 £	2008 £
Receivable by the Company	-	1,253,671
Payable by the Company	(583,341)	(1,828,669)
	(583,341)	(574,998)

NEW LONDON CAPITAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009

15. Ultimate parent company

The ultimate parent company is Liverpool Victoria Friendly Society Limited, an United Kingdom incorporated Friendly Society registered under the Friendly Societies Act 1992

The immediate parent company is New London Capital Plc, a limited liability company, incorporated in the UK

Both the ultimate and immediate parent companies are registered at the below address

The largest and smallest company whose accounts this company is consolidated into is Liverpool Victoria Friendly Society Limited. The consolidated accounts of Liverpool Victoria Friendly Society Limited are available to the public and may be obtained from

The Company Secretary
County Gates
Bournemouth
BH1 2NF

or at www.lv.com/aboutus/report

16. First time adoption of International Accounting Standards

There are no differences in the Company's Statement of Financial Position or movement in the Statement of Comprehensive Income as at 1 January 2008 and as at 31 December 2008 under IFRS from that previously prepared under UK GAAP