



BRIT INSURANCE HOLDINGS LIMITED
(FORMERLY BRIT INSURANCE HOLDINGS PLC)

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2009



Registered No. 3121594

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BRIT INSURANCE HOLDINGS LIMITED

Company Information

Directors

P J Goddard
M Scales

Secretary

P J Goddard

Registered Office

55 Bishopsgate
London
EC2N 3AS

Auditor

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

BRIT INSURANCE HOLDINGS LIMITED

Report of the Directors

BRIT INSURANCE HOLDINGS LIMITED

Registered number 3121594

The Directors present their report and financial statements for the year ended 31 December 2009

Principal activities and review of the business

The principal activity of the Company is to hold the United Kingdom subsidiaries of the Brit Insurance group.

On 10 November 2009, as part of a reorganisation of the UK Group, the Company disposed of some of its subsidiaries to other Group companies and purchased subsidiaries from other Group companies. For further information, refer to Note 12

On 1 December 2009, the Company cancelled its treasury shares. An amount equal to the nominal value of the shares cancelled was credited to the capital redemption reserve.

As a result of a Group reorganisation by way of a Court Approved Scheme of Arrangement approved by the shareholders of the Company, which completed on 21 December 2009, Brit Insurance Holdings N V, is now the ultimate parent of the Company. As a part of this Group reorganisation, the Company reduced its share capital from 75p per share to 8p per share with an amount equivalent to 67p per share being credited to retained earnings.

On 21 December 2009, the Company, with the approval of the trustee acting on behalf of the debt holders and Brit Insurance Holdings N V, novated the remaining Lower Tier Two subordinated debt in issue to Brit Insurance Holdings N.V.

On 21 December 2009, the Company deregistered as being a public company to a limited company and changed its name accordingly.

On 29 December 2009, the Company sold its investment in Brit Insurance (Gibraltar) PCC Limited to Brit Overseas Holdings S.à.r.l. the immediate parent of the Company. On the same date, the Company repurchased 53,700,031 of its own shares from Brit Overseas Holdings S à r l at a price of 194.4p per share.

In the opinion of the Directors, the state of affairs of the Company and its subsidiaries at the end of the year was satisfactory.

Post balance sheet events

On 12 February 2010, the Company received £413,150,037 of cash and investments from Brit Group Finance Limited as a repayment of an intragroup balance and a further £42,755,091 as a dividend from Brit Investment Holdings Limited. On the same date, the Company paid an interim dividend of £362,205,128 to its parent company, Brit Overseas Holdings S.à.r.l. and invested a further £93,700,000 in the equity share capital of its subsidiary, Brit Underwriting Holdings Limited. Both of these transactions were satisfied by consideration in the form of cash and investments.

Apart from this post balance sheet event, the Directors do not envisage any changes to the current business model in 2010.

Principal risks and uncertainties

The principal risk confronting the Company is that the subsidiary and associate investments become impaired.

BRIT INSURANCE HOLDINGS LIMITED

Report of the Directors continued

Employees

All staff in the United Kingdom are employed by the Group services company, Brit Group Services Limited, and the full staff cost disclosures are included in the notes to those accounts. Further information on the Group's employment policies can be found in the accounts of Brit Group Services Limited.

Result and dividend

The profit for the year attributable to shareholders amounts to £160,241,967 (2008: £32,387,771) and is dealt with as shown in the profit and loss account.

During the year, the Company paid a final dividend of £23,239,629 in respect of 2008 (2008: £44,936,266 in respect of 2007) and an interim dividend of £23,239,297 in respect of 2009 (2008: £23,238,640 in respect of 2008). The Directors do not recommend a final dividend in respect of 2009.

Directors

The names of the Directors as at the date of this report are listed on page 2. J R Barton, D J Douetil, P F Hazell, K Culley, C A Schrauwers, M G Smith, and J P MacHale all served as directors during 2009 and resigned on 21 December 2009 when the Company reregistered as a private company. P J Goddard was appointed as a director on 21 December 2009. K M Lisson served as a director and resigned on 12 May 2009.

Donations

No contributions to political organisations were made during the year (2008: £nil). The Company made charitable donations during the year of £445,982 (2008: £958,482).

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 United Kingdom 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 or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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.

BRIT INSURANCE HOLDINGS LIMITED

Report of the Directors continued

Statement of Disclosure of Information to Auditors

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

- So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- Each Director has taken all the steps that ought to have been taken in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

By Order of the Board



Secretary
18 March 2010

BRIT INSURANCE HOLDINGS LIMITED

Independent Auditor's Report To the Member of BRIT INSURANCE HOLDINGS LIMITED

We have audited the financial statements of Brit Insurance Holdings Limited for the year ended 31 December 2009 which comprise the profit and loss account and the balance sheet and the related notes 1 to 26. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out 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 (APB'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 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 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.

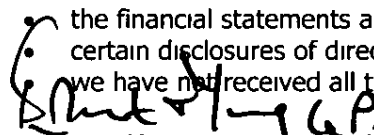
Opinion on other matter prescribed by the Companies Act 2006

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.


Tim Leggett (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
18 March 2010

BRIT INSURANCE HOLDINGS LIMITED**Profit and Loss Account
For the Year Ended 31 December 2009**

		Year ended 31 December 2009 £	Year ended 31 December 2008 £
	Notes		
Income from other fixed asset investments	1(d) & 2	173,270,244	17,954,045
Administrative expenses		(24,595,476)	(16,877,919)
Other income	3	-	13,318,855
Other expenses	4	(1,448,887)	-
Operating profit		147,225,881	14,394,981
Interest receivable and similar income	5	16,552,406	58,078,464
Interest payable and similar charges	6	(16,630,499)	(37,026,453)
Profit on disposal of subsidiary	12	5,694,973	-
Profit on ordinary activities before tax		152,842,761	35,446,992
Taxation on profit on ordinary activities	11	7,399,206	(3,059,221)
Profit on ordinary activities after taxation		160,241,967	32,387,771

The notes on pages 10 to 22 form part of these financial statements.

The Company has no recognised gains and losses other than those included in the Profit and Loss account above and therefore no separate statement of total recognised gains and losses has been presented.

BRIT INSURANCE HOLDINGS LIMITED**Balance Sheet
As at 31 December 2009**

		2009 £	2008 £
	Notes		
Fixed assets			
Investments in subsidiary undertakings	12	382,197,936	527,353,860
Investments in group undertakings		-	12,375,147
Investments in associated undertakings	13	4,268,171	3,804,071
Financial investments	14	877,303	20,306,825
		<u>387,343,410</u>	<u>563,839,903</u>
Current assets			
Debtors	15	402,220,783	228,716,382
Cash at bank, deposits and cash in hand		16,389,641	13,486,653
Prepayments and accrued income		10,879	942,670
Current taxation		-	2,762,848
Deferred taxation	16	189,465	-
		<u>418,810,768</u>	<u>245,908,553</u>
Creditors: Amounts falling due within one year	17	(254,161,158)	(111,662,936)
Net current assets		<u>164,649,610</u>	<u>134,245,617</u>
Total assets less current liabilities		<u>551,993,020</u>	<u>698,085,520</u>
Creditors: Amounts falling due after more than one year			
Borrowings	18	-	(143,087,528)
Net assets		<u>551,993,020</u>	<u>554,997,992</u>

BRIT INSURANCE HOLDINGS LIMITED

Balance Sheet As at 31 December 2009

Capital and reserves

Equity share capital	19	20,820,000	247,338,332
Share premium	20	-	-
Capital redemption reserve	20	11,875,809	-
Own shares	20	-	(64,180,220)
Employee share reserve	20	-	10,521,418
Profit and loss account	20	519,297,211	361,318,462
Equity Shareholder's funds		<u>551,993,020</u>	<u>554,997,992</u>

The financial statements on pages 7 to 22 were approved by the Board of Directors on 18 March 2010 and signed on their behalf by



Director



Director

The notes on pages 10 to 22 form part of these financial statements.

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Consolidated accounts

The financial statements present information relating to Brit Insurance Holdings Limited, not to the group of which it is the parent company. Brit Insurance Holdings Limited is exempt from preparing consolidated financial statements of the group, under Section 400 of the Companies Act 2006. Brit Insurance Holdings N.V., which is registered in the Netherlands and is the ultimate holding company, prepares Group accounts.

c) Fixed assets

The Company has designated on initial recognition its financial assets held for investment purposes (investments) at fair value through profit or loss (FVTPL). This is in accordance with the Company's documented investment strategy and consistent with investment risk being assessed on a portfolio basis. Information relating to investments is provided internally to the Company's directors and key managers on a fair value basis.

The fair values of quoted financial investments are based on current bid prices. If the market for an investment is not active, the Company establishes fair value by using valuation techniques such as recent arm's length transactions, reference to similar listed investments, discounted cash flow models or option pricing models.

Unquoted equity investments are initially carried at fair value where this can be reliably determined. Where fair value can not be reliably determined, cost is used as the best estimate of fair value. This is subsequently adjusted whenever events or changes in circumstances indicate that cost may not approximate to fair value. The fair value of an unquoted equity is calculated using the most appropriate valuation technique, such as reference to current fair values of another instrument that is substantially the same, discounted cash flow analysis or option pricing models.

Gains and losses on investments designated as FVTPL are recognised through the profit and loss account. Investments are held on the balance sheet at fair value.

Subsidiary undertakings and associated undertakings are valued at cost less provision for permanent diminution in value.

d) Income from fixed asset investments

Interest income is recognised on an accruals basis. Dividend income is recognised when the shareholders' right to receive the payment is established.

Realised gains and losses on investments are calculated as the difference between net sales proceeds and original cost.

Notes to the Financial Statements

Unrealised gains and losses on investments 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. Unrealised investment gains and losses include adjustments in respect of unrealised gains and losses recorded in prior years which have been realised during the year and are reported as realised gains and losses in the current year's profit and loss account.

e) Current Income Tax

Current income tax is the expected tax payable on the taxable profit for the period using tax rates (and laws) enacted or substantively enacted at the balance sheet date and any adjustment to the tax payable in respect of previous periods. The Company calculates current income tax using the current income tax rate.

f) Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit those earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred tax assets and liabilities are not discounted.

g) Own shares

The consideration paid for the acquisition of own shares has been deducted from shareholders' funds.

h) Expenses

All expenses are accounted for on an accruals basis. Expenses which are incidental to the acquisition or disposal of an investment are treated as part of the cost or proceeds of the investment.

i) Foreign currency translation

Foreign currency transactions are recorded using the exchange rates prevailing at the dates of the transactions or at the average rate for the period when this is a reasonable approximation. Monetary assets and liabilities denominated in foreign currencies are translated at period end exchange rates. Non-monetary assets and liabilities that are measured at historical cost denominated in a foreign currency are not retranslated. The resulting exchange differences on translation are recorded in the profit and loss account.

Notes to the Financial Statements

j) Recognition and derecognition of financial assets and financial liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the contract.

A financial asset is derecognised when either the contractual rights to the asset's cash flows expire, or the asset is transferred and the transfer qualifies for derecognition under a combination of risks and rewards and control tests

A financial liability is derecognised when it is extinguished which is when the obligation in the contract is discharged, cancelled or expired

All "regular way purchases and sales" of financial assets are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

k) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and subsequently stated at amortised cost. Fair value is normally determined by reference to the fair value of the proceeds received. Any difference between the initial carrying amount (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

l) Pension scheme contributions

The Company receives recharges in respect of defined benefit and defined contribution Group schemes which are charged to the profit and loss in the period the recharge is made

m) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared and appropriately approved.

n) Cash flow statement

Brit Insurance Holdings Limited is exempt from preparing a cash flow statement under FRS1. Brit Insurance Holdings N V, the ultimate parent company, prepares a consolidated cash flow statement.

BRIT INSURANCE HOLDINGS LIMITED**Notes to the Financial Statements**

2. Income from other fixed asset investments

	Year ended	Year ended
	2009	2008
	£	£
Dividend income	174,917,322	248,132
Interest income	30,555	2,371,212
Realised gains	5,650,744	6,130,553
Unrealised (losses)/gains	(7,328,377)	9,204,148
	<u>173,270,244</u>	<u>17,954,045</u>

3. Other income

	Year ended	Year ended
	2009	2008
	£	£
Foreign exchange gains	-	13,207,300
Sundry income	-	111,555
	<u>-</u>	<u>13,318,855</u>

4. Other expenses

	Year ended	Year ended
	2009	2008
	£	£
Foreign exchange losses	(1,442,594)	-
Sundry expenses	(6,293)	-
	<u>(1,448,887)</u>	<u>-</u>

5. Interest receivable and similar income

	Year ended	Year ended
	2009	2008
	£	£
Interest on cash at bank, deposits and cash in hand	537,856	3,066,876
Intragroup interest receivable	16,014,550	47,770,622
Profit on repurchase of Lower Tier Two subordinated debt	-	7,240,966
	<u>16,552,406</u>	<u>58,078,464</u>

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements

6. Interest payable and similar charges

	Year ended	Year ended
	2009	2008
	£	£
Intragroup interest payable	(5,004,882)	(23,936,834)
Forgiving of intragroup loan	(875,337)	-
Interest payable on borrowings	(10,750,280)	(13,089,619)
	<u>(16,630,499)</u>	<u>(37,026,453)</u>

7. Auditor's remuneration

	Year ended	Year ended
	2009	2008
	£	£
Audit	<u>31,000</u>	<u>189,000</u>

Fees paid to the company's auditor, Ernst & Young, and its associates for services other than the statutory audit of the company are not disclosed in Brit Insurance Holdings Limited financial statements since the consolidated accounts of Brit Insurance Holdings Limited's ultimate parent, Brit Insurance Holdings N.V., are required to disclose non-audit fees on a consolidated basis.

8. Staff Costs

All staff in the United Kingdom are employed by the Group services company, Brit Group Services Limited, and the full staff cost disclosures are included in the notes to those accounts. The Company is recharged an appropriate amount by Brit Group Services Limited for the services it receives from those staff.

9. Pensions

Brit Group Services Limited also provides pension benefits to Group staff. These benefits are provided by a defined contribution group personal pension plan and a defined benefit scheme. The Company is recharged an appropriate amount by Brit Group Services Limited for the cost of providing these pension benefits. Each separate company within the Group is however unable to identify its share of the underlying assets and liabilities of the defined benefit scheme and therefore the scheme has been accounted for as a defined contribution scheme in these separate financial statements. Disclosure relating to the defined benefit scheme are included in the notes to the accounts of Brit Group Services Limited.

10. Directors' remuneration and transactions involving Directors

The remuneration of M Scales is disclosed in the Report and Accounts of Brit Insurance Holdings N.V. P Goddard did not receive any remuneration for his services to the Company during the year ended 31 December 2009 (2008 £nil)

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements

11. Taxation

(a) Tax on profit on ordinary activities

	Year ended 2009 £	Year ended 2008 £
Current tax		
UK corporation tax at 28.0% (2008 28.5%)	842,520	(594,035)
Adjustments in respect of prior years	6,367,221	(672,024)
Total current tax (Note 11(b))	7,209,741	(1,266,059)
Deferred tax:		
Originating and reversal of timing differences	189,465	(973,471)
Adjustments in respect of prior years	-	(819,691)
Total deferred tax (Note 16)	189,465	(1,793,162)
Tax on profit on ordinary activities	7,399,206	(3,059,221)

(b) Factors affecting current tax charge for period

	Year ended 2009 £	Year ended 2008 £
Profit on ordinary activities before tax	152,842,761	35,446,992
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.0% (2008: 28.5%)	(42,795,973)	(10,102,393)
Effects of:		
Permanent differences	(1,292,294)	7,743,019
Share disposals	1,088,288	3,095,080
Equity dividends not subject to corporation tax	48,976,850	70,718
Effect of timing differences not set up in 2008	25,541	(1,400,459)
Group relief losses surrendered without payment	(5,159,892)	-
Other adjustments to tax charge in respect of prior years	6,367,221	(672,024)
Current tax charge for the period Note 11 (a) above	7,209,741	(1,266,059)

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements

12. Investments in subsidiary undertakings

Details of the Company's subsidiaries are as follows:

Name of company	Nature of business
Brit Investment Holdings Limited	Holding company
Brit Corporate Holdings Limited	Holding company
Brit Underwriting Holdings Limited	Holding company
Brit Insurance Limited	Insurance company

Movements during the year were as follows

	£
Cost at 1 January 2009	527,353,860
Additional investment in Brit Insurance (Gibraltar) Limited	22,105,009
Disposal of Masthead Insurance Underwriting Limited	(46,499,499)
Disposal of Brit Underwriting Group Limited	(368,716,144)
Disposal of Brit Group Finance Limited	(2,500,000)
Disposal of Wren Limited	(84,638,197)
Disposal of Brit Capital Markets Limited	(1)
Disposal of HCG Underwriting Limited	(1)
Disposal of Brit Insurance (Gibraltar) PCC Limited	(47,105,026)
Purchase of Brit Claims Management Limited	1
Purchase of Brit Underwriting Holdings Limited	1
Purchase of Brit Insurance limited	382,197,933
Cost at 31 December 2009	382,197,936

All disposals were made at cost except for the disposal of Brit Insurance (Gibraltar) PCC Limited which was sold at net asset value and generated a profit on disposal of £5,694,973.

Brit Insurance Holdings Limited owns 100% of the ordinary share capital of its subsidiary companies listed above.

13. Investments in associated undertakings

	2009 £	2008 £
Investment in RI3K Limited	4,268,171	3,804,071
	4,268,171	3,804,171

As at 31 December 2009, the Company owned 21.8% of the ordinary share capital and 21.4% of the preference share capital of RI3K Limited.

During the year, the Company invested a further £464,100 in the preference share capital of RI3K Limited.

The Directors are of the opinion that the aggregate value of the Company's investments is not less than the amount stated in the Balance Sheet.

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements

14. Financial investments

	Total £
Cost at 1 January 2009	13,025,650
Opening unrealised appreciation	7,281,175
Value at 1 January 2009	20,306,825
Purchases at cost	10,681,826
Sales & maturities - proceeds	(28,452,316)
- realised gains on sales	5,650,744
Increase in unrealised appreciation	(7,309,776)
Value at 31 December 2009	877,303
Cost at 31 December 2009	905,904
Closing unrealised appreciation	(28,601)
Value at 31 December 2009	877,303

All investments held by the Company are listed investments

The Directors are of the opinion that the aggregate value of the Company's investments is not less than the amount stated in the Balance Sheet

15. Debtors

	2009 £	2008 £
Amounts falling due within one year:		
Amounts due from Group companies	401,973,092	228,119,477
Other debtors	247,691	596,905
	402,220,783	228,716,382

16. Deferred taxation

	2009 £	2008 £
Undiscounted asset for deferred taxation at the start of the period	-	1,793,162
Other adjustments in respect of prior years	-	(819,691)
Deferred tax for the period	189,465	(973,471)
Deferred tax asset at the end of period	189,465	-

In determining the deferred tax position, it has been assumed that group relief will be available between companies within the Group

A deferred tax asset of £340,000 (2008 £1,236,000) relating to realised and unrealised capital losses has not been recognised on the grounds that there is insufficient evidence that it will be recoverable. It would be recovered if chargeable capital gains were made in future years

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements

17. Creditors

	2009 £	2008 £
Amounts falling due within one year.		
Amounts due to Group companies	(245,429,486)	(109,423,202)
Current taxation	(5,185,634)	-
Accruals and deferred income	(3,546,038)	(2,239,734)
	<u>(254,161,158)</u>	<u>(111,662,936)</u>

18. Borrowings

	2009 £	2008 £
US Dollar floating rate unsecured subordinated loan notes	-	(10,386,329)
Lower Tier Two subordinated debt	-	(132,701,199)
	<u>-</u>	<u>(143,087,528)</u>

The US Dollar floating rate unsecured subordinated loan notes were called during 2009.

During the year, the Company drew down on its £150m five year revolving credit facility and subsequently repaid these amounts and cancelled the facility

On 21 December 2009, the Company, with the approval of the trustee acting on behalf of the debt holders and Brit Insurance Holdings N.V., novated the remaining Lower Tier Two subordinated debt in issue to Brit Insurance Holdings N.V.

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements

19. Equity share capital

	2009 £	2008 £
Allotted, called up and fully paid:		
260,250,000 ordinary shares of 8p each (2008 329,784,443 ordinary shares of 75p each)	20,820,000	247,338,332

Movements during the year were as follows

	2009 £	2009 Number	2008 £	2008 Number
As at 1 January	247,338,332	329,784,443	247,335,069	329,780,093
Exercise of share options	-	-	3,263	4,350
Cancellation of treasury shares	(11,875,809)	(15,834,412)	-	-
Capital reduction from 75p per share to 8p per share	(210,346,521)	-	-	-
Repurchase of own shares	(4,296,002)	(53,700,031)		-
As at 31 December	20,820,000	260,250,000	247,338,332	329,784,443

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements

20. Reserves

Year ended 31 December 2009

	Share premium £	Capital redemption reserve £	Own shares £	Employee share reserve £	Profit and loss account £	Total £
At 1 January	-	-	(64,180,220)	10,521,418	361,318,462	307,659,660
Acquisition of own shares	-	-	(428,335)	428,335	-	-
Vesting of own shares	-	-	490,650	(490,650)	-	-
Cancellation of treasury shares	-	11,875,809	53,444,957	-	(53,444,957)	11,875,809
Capital contributions on the granting of equity instruments	-	-	-	-	10,132,921	10,132,921
Revaluation of an investment in a group undertaking	-	-	-	-	(22,508,068)	(22,508,068)
Transfer of employee share reserve and own shares to retained earnings	-	-	10,672,948	(10,459,103)	(213,845)	-
Capital reduction from 75p per share to 8p per share	-	-	-	-	210,346,521	210,346,521
Repurchase of own shares	-	-	-	-	(100,096,864)	(100,096,864)
Dividends paid	-	-	-	-	(46,478,926)	(46,478,926)
Retained profit for the year	-	-	-	-	160,241,967	160,241,967
At 31 December	-	11,875,809	-	-	519,297,211	531,173,020

BRIT INSURANCE HOLDINGS LIMITED

Notes to the Financial Statements

Year ended 31 December 2008

	Share premium £	Capital redemption reserve £	Own shares £	Employee share reserve £	Profit and loss account £	Total £
At 1 January	138,018,712	586,250	(63,091,147)	10,560,874	253,284,759	339,359,448
Capital reorganisation	(138,011,733)	(586,250)	-	-	138,597,983	-
Acquisition of own shares	-	-	(457,415)	457,415	-	-
Vesting of own shares	-	-	496,871	(496,871)	-	-
Purchase of treasury shares	-	-	(1,128,529)	-	-	(1,128,529)
Capital contributions on the granting of equity instruments	-	-	-	-	5,215,876	5,215,876
Dividends paid					(68,174,906)	(68,174,906)
Exercise of share options	(6,979)	-	-	-	6,979	-
Retained profit for the year	-	-	-	-	32,387,771	32,387,771
At 31 December	-	-	(64,180,220)	10,521,418	361,318,462	307,659,660

21. Dividends

Dividend paid	Amount (pence per ordinary share)	2009 £	2008 £
Interim 2009	7.5	23,239,297	-
Final 2008	7.5	23,239,629	-
Interim 2008	7.5	-	23,238,640
Final 2007	7.5	-	23,269,648
Special 2007	7.0	-	21,666,618
		<u>46,478,926</u>	<u>68,174,906</u>

22. Financial instruments

The Company has taken advantage of the exemption in Financial Reporting Standard 29 'Financial Instruments: Disclosures' not to provide the disclosures required by this standard. This is by virtue of the entity being included in publicly available consolidated financial statements which include disclosures that comply with this standard

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Notes to the Financial Statements

23. Controlling party

The Company is a wholly owned subsidiary of Brit Overseas Holdings S.à.r.l , a company registered in Luxembourg. The ultimate holding company is Brit Insurance Holdings N V , a company registered in the Netherlands. Copies of Brit Insurance Holdings N.V. accounts can be obtained by writing to PO Box 79083, 1070 NC, Amsterdam The Netherlands.

24. Related party transactions

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

25. Guarantees and contingent liabilities

The Company has provided a guarantee to the providers of a £175m revolving credit facility agreement entered into by Brit Insurance Group companies.

26. Post balance sheet events

On 12 February 2010, the Company received £413,150,037 of cash and investments from Brit Group Finance limited as a repayment of an intragroup balance and a further £42,755,091 as a dividend from Brit Investment Holdings Limited. On the same date, the Company paid an interim dividend of £362,205,128 to its parent company, Brit Overseas Holdings S.à.r.l and invested a further £93,700,000 in the equity share capital of its subsidiary, Brit Underwriting Holdings Limited. Both of these transactions were satisfied by consideration in the form of cash and investments.