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COMPANY REGISTRATION NO 3209941

MEMBERSHIP SERVICES GENERAL LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2009

MEMBERSHIP SERVICES GENERAL LIMITED

REPORT AND ACCOUNTS 2009

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MEMBERSHIP SERVICES GENERAL LIMITED

DIRECTORS, OFFICERS AND REGISTERED OFFICE

Directors
K W Abercromby
P B Cassidy

Secretary
P B Cassidy

Registered office
County Gates
Bournemouth
BH1 2NF
Telephone 01202 292333
Fax 01202 751825

Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
31 Great George Street
Bristol
BS1 5QD

MEMBERSHIP SERVICES GENERAL LIMITED
(COMPANY REGISTRATION NUMBER 3209941)

DIRECTORS' REPORT

The directors submit their annual report and the audited accounts for Membership Services General Limited (the 'Company') for the year to 31 December 2009

1. **Results and dividends**
   The profit on ordinary activities for the year after taxation was £21,896 (2008 £27,074) The directors did not approve any dividends in the current year (2008 £nil)

2. **Principal activities, business review and future prospects**
   The company was formerly an insurance intermediary and is now in run off The directors do not anticipate any change in this status in the near future

   - Key performance indicators
   Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business

   - Principal risks and uncertainties
   The Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future, accordingly, the Directors do not consider there are any significant risks and uncertainties facing the Company

3. **Directors and their interests**
   The present members of the Board and the members who served during the year are listed on page 2

   No director had any interest in the share capital of the Company at 31 December 2009 (2008 nil)

4. **Basis of Accounting**
   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

5. **Parent company**
   The company is a subsidiary of Liverpool Victoria Friendly Society Limited, an incorporated Friendly Society registered under the Friendly Societies Act 1992

6. **Employees**
   The company utilised the staff and premises of Liverpool Victoria Friendly Society Limited in carrying out its activities during the year

7. **Charitable and political donations**
   The company made no charitable or political donation in 2009 or 2008

8. 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

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 auditors are unaware, and
- he has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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

P B Cassidy
Secretary
9 March 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEMBERSHIP SERVICES GENERAL LIMITED

We have audited the financial statements of Membership General 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 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 Sections 495 and 496 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 profit 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 MEMBERSHIP SERVICES GENERAL 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

Claire Stockhausen (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
31 Great George Street
Bristol
BS1 5QD

MEMBERSHIP SERVICES GENERAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009	2008
		£	£
Fee and commission income	4	**21,896**	27,074
Total income		**21,896**	27,074
Profit before tax		**21,896**	27,074
Income tax expense	7	**-**	-
Profit for the year	11	**21,896**	27,074
Total comprehensive income for the year		**21,896**	27,074

All amounts relate to continuing (run-off) activities

The notes on pages 10 to 16 are an integral part of these financial statements

MEMBERSHIP SERVICES GENERAL LIMITED

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

	Note	Called up share capital	Retained earnings	Total
		£	£	£
Balance at 1 January 2009		100	125,564	125,664
Profit for the year	11	-	21,896	21,896
Balance at 31 December 2009		100	147,460	147,560

	Note	Called up share capital	Retained earnings	Total
		£	£	£
Balance at 1 January 2009		100	98,490	98,590
Profit for the year	11	-	27,074	27,074
Balance at 31 December 2009		100	125,564	125,664

MEMBERSHIP SERVICES GENERAL LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	Note	2009	2008
		£	£
Assets			
Trade and other receivables	8	**147,560**	125,664
Total assets		**147,560**	125,664
Equity			
Called up share capital	10	**100**	100
Retained earnings	11	**147,460**	125,564
Total equity		**147,560**	125,664

These accounts were approved by the Board of Directors on 9 March 2010
Signed on behalf of the Board of Directors

Keith Abercromby
Director

MEMBERSHIP SERVICES GENERAL LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1. General information

Membership General Direct Limited is a company limited by shares, domiciled and incorporated in the United Kingdom

2 Accounting policies

BASIS OF PRESENTATION

The Company's accounts 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

The financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivatives) at fair value through income

The preparation of the accounts in conformity with IFRS requires the use of certain critical accounting estimates It also requires management to exercise its judgement in the process of applying the Company's accounting policies 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 listed below These policies have been consistently applied to all years presented, unless otherwise stated

Principal accounting policies

Fee and commission income
Fee and commission is earned from financial intermediary services This comprises of initial commission income receivable on services provided to clients during the year when policies have gone on risk and renewal commission received during the year on an accruals basis

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 or recovered to or 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 balance sheet date

- Deferred income 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 consolidated financial statements 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 balance sheet 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

Trade and other receivables
Trade and other receivables are recognised when due and comprise of amounts due to the company from group undertakings Where there is objective evidence that the carrying value is impaired then the impairment loss will be recognised in the Statement of Comprehensive Income

Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets

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

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 with 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

3. Capital Management

The Company maintains an efficient capital structure from a combination of equity shareholders' funds and borrowings, consistent with the Company's risk profile

The Company retains capital to meet three key objectives

(i) To ensure financial stability,
(ii) To enable the Company's strategy to be developed, and
(iii) To give confidence to consumers and other stakeholders who have relationships with the Company

At least annually, these objectives are reviewed and benchmarks are set by which to judge the adequacy of the Company's capital The capital position is monitored against those benchmarks to ensure that sufficient capital is available to the Company In the event that sufficient capital is not available, plans would be developed either to raise additional capital through, for example, subordinated loans, or to reduce the quantum of risk accepted thereby reducing the capital requirement through, for example, reinsurance or a change in investment strategy If it becomes apparent that excess capital is available to the Company above its potential needs, plans would be developed to return such excess to shareholders

As the Company is not regulated, there are no external capital requirements

The Company had capital available of £147,560,000 (2008 £125,664,000), being shareholders funds available to the Company

MEMBERSHIP SERVICES GENERAL LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009

4. Fee and commission income

	2009	2008
	£	£
Fee and commission income	**21,896**	27,074
	21,896	27,074

5. Auditors' remuneration

	2009	2008
	£	£
Fees payable to the Company's auditors for the Company's accounts	**4,000**	4,000
	4,000	4,000

During 2008 Ernst & Young LLP resigned as auditors and PricewaterhouseCoopers LLP were appointed All fees in 2008 were paid to PricewaterhouseCoopers LLP

There were no other services carried out by the auditors in respect of this company

Liverpool Victoria Friendly Society Limited, the parent society, is responsible for the management and administration of the company The audit remuneration, in respect of services to the company, is borne by the group

6. 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 Liverpool Victoria Friendly Society (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 Liverpool Victoria Friendly Society and Frizzell Financial Services Limited

7. Income tax expense

	2009	2008
	£	£
(a) Current year tax charge:	-	-

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (28 5%) The difference is explained below

(b) Reconciliation of tax charge:

	2009	2008
	£	£
Profit before tax	**21,896**	27,074
Tax multiplied by standard rate of corporation tax in the UK of		
28% (2008 28 5%)	**6,131**	7,716
Unprovided deferred tax asset	**(6,377)**	(9,209)
Transfer pricing adjustments	**246**	1493
Total tax charge for the year	**-**	(1,493)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through the future taxable profits is probable

The Company did not recognise a deferred income tax asset of £653,749 (2008 £660,126) in respect of losses £2,334,818 (2008 £2,357,594)

8. Trade and other receivables

	2009	2008
	£	£
Amounts owed by other group undertakings	**147,560**	125,664
	147,560	125,664

Trade and other receivables is not expected to be recovered within the year

9. Maturity profile of financial assets

		Over 1 year	Total
Maturity profile of financial assets 2009		**£**	**£**
Trade and other receivables	8	**147,560**	**147,560**
Total assets		**147,560**	**147,560**

		Over 1 year	Total
Maturity profile of financial assets 2008		£	£
Trade and other receivables	8	125,664	125,664
Total assets		125,664	125,664

MEMBERSHIP SERVICES GENERAL LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009

10. Called up share capital

	2009 £	2008 £
Authorised		
102,000 ordinary 'A' shares of £1 each	**102,000**	102,000
98,000 ordinary 'B' shares of £1 each	**98,000**	98,000
	200,000	200,000

Issued, allotted and fully paid		
51 ordinary 'A' shares of £1 each	**51**	51
49 ordinary 'B' shares of £1 each	**49**	49
	100	100

The 'A' and 'B' shares rank pari passu in all respects as regards entitlement to a dividend, entitlement to a share in the surplus assets of the Company on liquidation of the Company and in voting rights

11. Retained earnings

	2009 £	2008 £
Balance at 1 January	**125,564**	98,490
Profit for the year	**21,896**	27,074
Balance at 31 December	**147,460**	125,564

12. Related Party Transactions

The Company enters into transactions with key management personnel in the normal course of business 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

a) All directors are remunerated by Liverpool Victoria Friendly Society (LVFS) in respect of their executive roles within the LV= Group

b) Balances outstanding between the Company and Liverpool Victoria Friendly Society Limited

	2009 £	2008 £
Receivable by the Company	**147,560**	125,664
	147,560	125,664

13. Ultimate parent society

The ultimate parent company is LV Friendly Society Limited, an UK incorporated Friendly Society registered under the Friendly Societies Act 1992

The immediate parent company is Membership Service Direct Limited, 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 LV Friendly Society Limited The consolidated accounts of LV 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

14. Statement of Cashflows

The Company has not prepared a Statement of Cashflows in accordance with International Accounting Standard 7 as it does not hold any cash or bank accounts All of the Company's liabilities are met by Liverpool Victoria Financial Services which are then recharged back to the Company