

90 ~ Financials

Notes to the accounts for the year ended 31 December 2008

9. Deferred tax

	2008 \$m	2007 \$m
Deferred tax assets	2.4	2.0
Deferred tax liabilities	(1.2)	–
Net deferred tax asset	1.2	2.0

Deferred tax assets are recognised to the extent that realising the related tax benefit through future taxable profits is likely. It is anticipated that the Lancashire UK group of companies will be profitable in 2009, thus the entire deferred tax asset is recognised.

The deferred tax asset relates to the warrants, options and restricted stock employee benefit schemes and tax losses carried forward. The deferred tax liability relates to claims equalisation reserves. All deferred tax assets and liabilities are classified as non-current.

The movement on the total net deferred tax asset is as follows:

	2008 \$m	2007 \$m
As at 1 January	2.0	0.8
Income statement (charge) credit	(0.8)	1.2
As at 31 December	1.2	2.0