



Brit SYNDICATES LIMITED
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2007

FRIDAY



A30 *AKG55Y01* 285
14/03/2008
COMPANIES HOUSE

Brit SYNDICATES LIMITED

Contents

Page

2	Company Information
3	Report of the Directors
6	Independent Auditor's Report
8	Profit and Loss Account
9	Balance Sheet
10	Notes to the Financial Statements

Brit SYNDICATES LIMITED

Company Information

Directors

C F Coates (Chairman)
D J Douetil (Chief Executive Officer)
M Scales (Finance Director)
R J O Barton
K Culley*
C A M C Schrauwes*
J A V Townsend*

* Non-Executive Director

Secretary

M D Jackson

Registered Office

55 Bishopsgate
London
EC2N 3AS

Registered Number

0824611

Auditor

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

Brit SYNDICATES LIMITED

Report of the Directors

The Directors present their report and the financial statements for the year ended 31 December 2007.

Principal activities and review of the business

The Company is an approved Lloyd's managing agent managing the affairs of Syndicate 2987 and Syndicate 389 (in run off since 31 December 2003) It has one trading subsidiary which acts as a Lloyd's syndicate support company and the remaining two subsidiaries are dormant.

The Company received a flat fee of £45 million (2006: £45 million) from Syndicate 2987 in return for providing all of the necessary resources to manage that syndicate. In addition it was reimbursed for any expenses incurred in managing Syndicate 389.

During 2007 the underwriting premium capacity of syndicate 2987 was £575 million (2006 £500 million).

The ratio of expenses to turnover was 99.92% (2006. 103.14%)

In the opinion of the Directors, the state of affairs of the Company and its subsidiaries at the end of the year was satisfactory The Directors do not envisage any changes to the current business model in 2008.

Principal risks and uncertainties

The Company contracts with Syndicate 2987 to manage the syndicate in return for a fixed fee Therefore the Company takes the risk that the cost of the required resources exceeds the fee being received. The Company manages this risk by setting budgets, monitoring against these on a monthly basis and taking action to reduce costs where appropriate

Result and dividend

The profit for the year attributable to Shareholders amounts to £513,472 (2006 loss £935,700) and is dealt with as shown in the profit and loss account.

The Directors do not recommend a final dividend for the year ended 31 December 2007 (2006 £ nil)

Directors

The names of the Directors as at the date of this report are listed on page 2. C F Coates and C A C M Schrauwers were appointed and R A Field, P D Nicholas, M A Sibthorpe and P D Webster resigned as Directors on 15 May 2007. C J Ridgwell resigned as a Director on 21 May 2007. R J O Barton was appointed on 25 February 2008.

Brit SYNDICATES LIMITED

Report of the Directors

Employee and environmental matters

The Company does not employ any staff directly but is recharged staff and other costs by Brit Group Services Ltd, the group services company. The following information which relates to the Group is also relevant to the Company.

The organisation has a remuneration strategy that aims to attract and retain quality staff and to provide reward for performance and achievement. The continual review of the benefits package includes a benchmarking element whereby Brit is able to compare against its competitors and take advice from organisations which collect specific data across industry and regional sectors

In addition the Group operates a bonus scheme, a Bonus Share Matching Plan, a Performance Share Plan and an Employee Share Ownership Plan which help to align employee objectives with those of shareholders of the Group and to allow reward for outstanding contribution or displaying exceptional performance

The Brit Development Programme provides all employees with the opportunity to increase their technical, personal and management skills, in line with their personal aspirations, the development of business objectives, regulatory compliance of business objectives, regulatory compliance and best practice. During 2007, 1,588 employee training days were completed (2006 2,446 days) In addition, professional qualifications are actively encouraged by the Company and are considered a compulsory element of development for those employees who work in underwriting roles

The Group has a staff turnover of 10.4% (excluding retirements and redundancies) of the current workforce, compared to the UK labour turnover rate reported of 18.1%

Succession planning is satisfied by the continual development, assessment and support of human resources with the appropriate talent, skills and training which allows Brit to support the organisation in the event of a key individual leaving

The Group does not have a major direct impact environmental impact as it is essentially office-based and non-manufacturing. However, the Group is very aware of its environmental responsibilities. Brit has made a three year commitment to report, reduce and offset the carbon dioxide emissions due to the energy use in its buildings and business travel. Brit intends that carbon credits equivalent to its emissions be bought and donated to a charitable trust that funds projects to reduce emissions

Disabled persons

It is the Company's policy to give full consideration to suitable applications for employment by disabled persons

Where existing employees become disabled, it is the Company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate

Re-appointment of Auditors

Elective resolutions passed on 11 July 2000 to dispense with the annual appointment of Auditors, presentation of the Accounts at the Annual General Meeting and the holding of Annual General Meetings, remain in force

Brit SYNDICATES LIMITED

Report of the Directors continued

Statement of Directors' responsibilities

The Directors are responsible for preparing the report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

Company law requires the Directors to prepare financial statements for each financial year which 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 estimates that are reasonable and prudent,
- state whether applicable 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 proper accounting records that 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 1985. 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

Statement of Disclosure of Information to Auditors

Each person who is a Director at the date of approval of this Report confirms that.

- So far as the 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


M D Jackson
Secretary
4 March 2008

Brit SYNDICATES LIMITED

Independent Auditor's Report To the Member of Brit SYNDICATES LIMITED

We have audited the Company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 Auditors' 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

The Directors' responsibilities for preparing the report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Report of the Directors.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

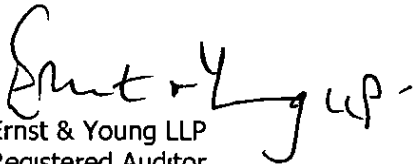
Brit SYNDICATES LIMITED

Independent Auditor's Report continued

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Ernst & Young LLP
Registered Auditor
London
4 March 2008

Brit SYNDICATES LIMITED

Profit and Loss Account For the Year Ended 31 December 2007

		Year ended 31 December 2007 £	Year ended 31 December 2006 £
	Notes		
Turnover	1 (d) & 2	45,000,000	44,990,000
Administrative expenses		(44,965,232)	(46,404,434)
Operating profit/(loss)	3	34,768	(1,414,434)
Interest receivable and similar income	4	133	119
Profit/(Loss) on ordinary activities before taxation		34,901	(1,414,315)
Taxation on profit/(loss) on ordinary activities	7	478,571	478,615
Profit/(Loss) on ordinary activities after taxation		513,472	(935,700)

The profit and loss account relates entirely to continuing activities.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The notes on pages 10 to 15 form part of these accounts

Brit SYNDICATES LIMITED

Balance Sheet As at 31 December 2007

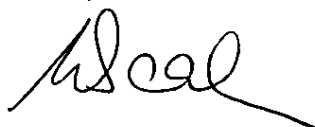
		2007 £	2006 £
	Notes		
Fixed assets			
Investments	8	202	202
Current assets			
Debtors	9	7,494,380	6,955,556
Cash at bank and in hand		3,983	9,677
		7,498,363	6,965,233
Creditors: Amounts falling due within one year	10	(368,344)	(348,686)
Net current assets		7,130,019	6,616,547
Net assets		7,130,221	6,616,749
Capital and reserves			
Called up share capital	11	1,000,100	1,000,100
Capital reserve		1,454	1,454
Profit and loss account		6,128,667	5,615,195
Shareholder's funds	12	7,130,221	6,616,749

The financial statements on pages 8 to 15 were approved by the Board of Directors on 4 March 2008 and signed on their behalf by -

Director



Director



The notes on pages 10 to 15 form part of these accounts.

Brit SYNDICATES LIMITED

Notes to the Financial Statements For the year ended 31 December 2007

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

(b) Consolidated accounts

The financial statements present information relating to Brit Syndicates Limited, not to the group of which it is the parent company. Brit Syndicates Limited is exempt from preparing consolidated financial statements of the group, under Section 228 of the Companies Act 1985. Brit Insurance Holdings PLC, which is registered in England and Wales and is the ultimate holding company, prepares Group accounts.

(c) Investments

Investments in subsidiary undertakings are stated at cost less provisions for any permanent diminution.

(d) Turnover

Turnover consists of agency fees receivable from the provision of services to underwriting Names at Lloyd's.

(e) Expenses

All expenses are accounted for on an accruals basis.

(f) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(g) Leased assets

Rentals payable under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

(h) 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.

(i) Cash flow statement

Brit Syndicates Limited is exempt from preparing a cash flow statement, under FRS1 as it is a 100% owned subsidiary of Brit Insurance Holdings PLC. Brit Insurance Holdings PLC, the ultimate parent company, prepares a consolidated cash flow statement.

Brit SYNDICATES LIMITED

Notes to the Financial Statements continued

2. Turnover

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Fee income	<u>45,000,000</u>	<u>44,990,000</u>

Turnover is attributable to the Company's principal activity as a Lloyd's Managing Agency and arises from the UK

3. Operating profit/(loss)

This is arrived at after charging -	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Auditor's remuneration	321,725	312,000
Operating leases	<u>1,115,394</u>	<u>1,312,173</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 Syndicates Limited accounts since the consolidated accounts of Brit Syndicates Limited parent, Brit Insurance Holdings Plc, are required to disclose non-audit fees on a consolidated basis.

4. Interest receivable and similar income

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Bank interest receivable	<u>133</u>	<u>119</u>

Brit SYNDICATES LIMITED

Notes to the Financial Statements continued

5. Staff costs

	Year ended 31 December 2007 No	Year ended 31 December 2006 No
(a) The average number of persons employed in the activities of the Company and syndicates managed by it during the year, including Directors, was as follows:-		
Management	7	9
Administration	98	70
Underwriting	204	172
	<u>309</u>	<u>251</u>
	£	£
(b) Their aggregate employment costs were:-		
Salaries	19,919,498	17,519,377
Social security costs	2,362,190	1,428,749
Other pension costs	2,331,729	2,180,749
	<u>24,613,417</u>	<u>21,128,875</u>

The above costs relate to staff costs recharged by Brit Group Services Limited, the group services company

6. Directors' remuneration and transactions involving Directors

The remuneration of K Culley, C A M Schrauwers, C F Coates, M Scales, J A V Townsend and D J Douetil is disclosed in the Report and Accounts of Brit Insurance Holdings PLC

The remuneration of the remaining Directors is as follows,

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Emoluments	309,347	446,800
Pension contributions under money purchase scheme	10,417	31,931
Number of directors for whom benefits are accruing under		
A defined benefit scheme	-	-
A money purchase scheme	1	2
In respect of the highest paid Director:		
Emoluments	114,605	205,388
Pension contribution under money purchase scheme	-	11,037

Brit SYNDICATES LIMITED

Notes to the Financial Statements continued

7. Taxation

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
(i) Tax on profit/(loss) on ordinary activities		
Current taxation:		
UK corporation tax at 30%	478,571	424,295
Adjustment in respect of prior year	-	54,320
Total current tax (Note 7(ii))	<u>478,571</u>	<u>478,615</u>
(ii) Factors affecting the current tax charge		
Profit/(Loss) on ordinary activities before tax	<u>34,901</u>	<u>(1,414,315)</u>
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (2006: 30%)	(10,470)	424,295
Effects of:		
Expenses not deductible for tax purposes and other permanent differences	489,041	-
Adjustment in respect of prior year	-	54,320
Total current tax (Note 7(i))	<u>478,571</u>	<u>478,615</u>

8. Fixed asset investments

	2007 £	2006 £
Cost		
Interests in Group undertakings	<u>202</u>	<u>202</u>

The subsidiary companies comprise one dormant syndicate service company, Brit Insurance Services Limited, which acts as a general syndicate service company and Marham Consortium Management Limited, which until 2005 managed the Marham Space Consortium at Lloyd's. Further details of the subsidiary companies are given in note 14.

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.

9. Debtors

	2007 £	2006 £
Due within one year		
Amounts due from Group companies	<u>7,494,380</u>	<u>6,955,556</u>

Brit SYNDICATES LIMITED

Notes to the Financial Statements continued

10. Creditors

	2007 £	2006 £
Amounts falling due within one year		
Amounts due to Group companies	200	200
Amounts due to managed syndicates	290,144	203,486
Accruals and deferred income	78,000	145,000
	<u>368,344</u>	<u>348,686</u>

11. Authorised and issued share capital

	2007 £	2006 £
Authorised, allotted and called up		
1,000,100 Ordinary shares of £1 each	<u>1,000,100</u>	<u>1,000,100</u>
	<u>1,000,100</u>	<u>1,000,100</u>

12. Reconciliation of movements in shareholders funds

	2007 £	2006 £
Profit/(Loss) for the year	513,472	(935,700)
Shareholder's funds at 1 January	6,616,749	7,552,449
Shareholder's funds at 31 December	<u>7,130,221</u>	<u>6,616,749</u>

13. Pensions

(i) Defined Benefit Scheme

The Group operates a funded pension scheme providing benefits for some of its employees based on final pensionable emoluments. The assets of the Scheme are held in a separate trustee administered fund. Each separate company within the Group is however unable to identify its share of the underlying assets and liabilities of the scheme and therefore the scheme has been accounted for as a defined contribution scheme in these financial statements.

This scheme closed to new entrants on 4th October 2001. The scheme is subject to a formal actuarial valuation every three years and the results of the valuation carried out as at 31 July 2006 were updated to the accounting date by an independent qualified actuary in accordance with Financial Reporting Standard 17 "Retirement Benefits" ("FRS 17"). As required by FRS 17, the value of the defined benefit liabilities has been measured using the projected unit method. The actuarial valuation updated for 31 December 2007 showed that the scheme had a deficit of £5,159,000 (2006: £12,422,000) before deferred tax.

The Company is recharged an appropriate amount of the Group cost of the scheme in proportion to the usage of Group staff resources during the year.

(ii) Defined Contributions Stakeholder Scheme

The Group operates a defined contribution stakeholder pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The Company is recharged an appropriate amount of the Group cost of the scheme in proportion to the usage of Group staff resources during the year.

Brit SYNDICATES LIMITED

Notes to the Financial Statements continued

14. Subsidiary companies

The Company's subsidiary undertakings at 31 December 2007 were:

	Class of Shares	%
Service Companies -		
Wren Legal Expenses Limited (dormant)	Ordinary	100%
Brit Insurance Services Limited	Ordinary	100%
Marham Consortium Management Limited (dormant)	Ordinary	100%

All the above companies are registered in England and Wales.

15. Controlling parties

The company is a wholly owned subsidiary of Brit Group Services Limited, a company registered in England and Wales. The ultimate holding company of Brit Syndicates Limited is Brit Insurance Holdings PLC, a company registered in England and Wales. Copies of the accounts of Brit Insurance Holdings PLC can be obtained from 55 Bishopsgate, London, EC2N 3AS.

16. Related party transactions

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