



BRIT SYNDICATES LIMITED
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2009



Brit SYNDICATES LIMITED

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Brit SYNDICATES LIMITED

Company Information

Directors

R J O Barton* (Chairman)
D J Douetil (Chief Executive Officer)
M Scales (Finance Director)
K Culley*
C A C M Schrauwers*

* 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 2009

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)

The Company received a flat fee of £50.4 million (2008: £54.0 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 2009 the underwriting premium capacity of syndicate 2987 was £560 million (2008: £600 million)

The ratio of expenses to turnover was 111.41% (2008: 103.98%)

On 10 November 2009, as part of a reorganisation of the UK Group, the Company disposed of its three subsidiaries at cost to other Group companies. As a further part of the reorganisation, the Company was sold by Brit Group Services Limited to Brit Underwriting Holdings Limited.

As a result of a Group reorganisation by way of a Court Approved Scheme of Arrangement approved by the shareholders of Brit Insurance Holdings PLC, which completed on 21 December 2009, Brit Insurance Holdings N V, is now the ultimate parent of the Company.

In the opinion of the Directors, the state of affairs of the Company at the end of the year was satisfactory. The Directors do not envisage any changes to the current business model in 2010.

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 loss for the year attributable to Shareholders amounts to £3,870,653 (2008: profit of £1,591,916) 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 2009 (2008: £ nil)

Directors

The names of the Directors as at the date of this report are listed on page 2

Brit SYNDICATES LIMITED

Report of the Directors

Employee and environmental matters

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.

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.

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 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
15 March 2010

Brit SYNDICATES LIMITED

Independent Auditor's Report To the Member of Brit Syndicates Limited

We have audited the financial statements of Brit Syndicates Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 16. 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 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 loss 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.

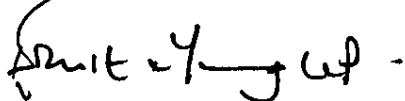
Opinion on other matter prescribed by the Companies Act 2006

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
15 March 2010

BRIT SYNDICATES LIMITED

Profit and Loss Account For the Year Ended 31 December 2009

		Year ended 31 December 2009 £	Year ended 31 December 2008 £
	Notes		
Turnover	1 (c) & 2	50,400,000	54,000,000
Administrative expenses		(56,151,383)	(56,149,158)
Operating loss	3	(5,751,383)	(2,149,158)
Interest receivable and similar income	4	375,475	3,379,111
(Loss)/profit on ordinary activities before taxation		(5,375,908)	1,229,953
Taxation on (loss)/profit on ordinary activities	8	1,505,255	361,963
(Loss)/profit on ordinary activities after taxation		(3,870,653)	1,591,916

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


The notes on pages 8 to 11 form part of these financial statements

Brit SYNDICATES LIMITED

Balance Sheet As at 31 December 2009

		2009 £	2008 £
	Notes		
Fixed assets			
Investments in subsidiaries	9	-	202
Current assets			
Debtors	10	5,303,848	13,623,366
Cash at bank and in hand		30	30
		5,303,878	13,623,396
Creditors: Amounts falling due within one year	11	(452,394)	(4,901,461)
Net current assets		4,851,484	8,721,935
Net assets		4,851,484	8,722,137
Capital and reserves			
Called up share capital	12	1,000,100	1,000,100
Capital reserve		1,454	1,454
Profit and loss account		3,849,930	7,720,583
Shareholder's funds	13	4,851,484	8,722,137

The financial statements on pages 6 to 11 were approved by the Board of Directors on 15 March 2010 and signed on their behalf by:-


Director


Director

The notes on pages 8 to 11 form part of these financial statements.

Brit SYNDICATES LIMITED

Notes to the Financial Statements For the year ended 31 December 2009

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) Investments

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

(c) Turnover

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

(d) Expenses

All expenses are accounted for on an accruals basis

(e) 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

(f) 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 N.V. Brit Insurance Holdings N.V., 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 2009 £	Year ended 31 December 2008 £
Fee income	50,400,000	54,000,000

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

3. Operating loss

This is arrived at after charging:-	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Auditor's remuneration	10,000	7,000

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 N V , are required to disclose non-audit fees on a consolidated basis

Operating lease costs are met by the Group services company, Brit Group Services Limited, and the full operating lease cost disclosures are included in the notes to those accounts. The Company is recharged an appropriate amount by Brit Group Services Limited for the operating lease costs incurred at a Group level

4. Interest receivable and similar income

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Intra-group interest receivable	375,475	3,379,068
Bank interest receivable	-	43
	375,475	3,379,111

5. Staff costs

All staff in the UK 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

6. 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

Brit SYNDICATES LIMITED

Notes to the Financial Statements continued

7. Directors' remuneration and transactions involving Directors

The remuneration of all Directors is disclosed in the Report and Accounts of Brit Insurance Holdings N V

8. Taxation

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
(i) Tax on profit on ordinary activities		
Current taxation:		
UK corporation tax at 28.0% (2008: 28.5%)	1,505,255	361,963
Total current tax (Note 8(ii))	<u>1,505,255</u>	<u>361,963</u>
(ii) Factors affecting the current tax charge		
(Loss)/profit on ordinary activities before tax	<u>(5,375,908)</u>	<u>1,229,953</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 28.0% (2008: 28.5%)	1,505,255	(350,537)
Effects of:		
Expenses not deductible for tax purposes and other permanent differences	-	712,500
Total current tax (Note 8(i))	<u>1,505,255</u>	<u>361,963</u>

9. Subsidiary companies

During the year the company disposed of all of its subsidiaries at cost as follows

	£
Costs at 1 January	202
Disposal of Brit Insurance Services Limited	(2)
Disposal of Wren Legal Expenses Limited	(100)
Disposal of Marham Consortium Management Limited	(100)
Cost at 31 December	<u>-</u>

10. Debtors

	2009 £	2008 £
Due within one year:		
Amounts due from Group companies	5,287,848	13,599,366
Loans	16,000	24,000
	<u>5,303,848</u>	<u>13,623,366</u>

Brit SYNDICATES LIMITED

Notes to the Financial Statements continued

11. Creditors

	2009 £	2008 £
Amounts falling due within one year		
Amounts due to Group companies	-	200
Amounts due to managed syndicates	313,735	4,797,611
Accruals and deferred income	138,659	103,650
	<u>452,394</u>	<u>4,901,461</u>

12. Issued share capital

	2009 £	2008 £
Allotted, called up and fully paid		
1,000,100 Ordinary shares of £1 each	1,000,100	1,000,100
	<u>1,000,100</u>	<u>1,000,100</u>

13. Reconciliation of movements in shareholders funds

	2009 £	2008 £
(Loss)/profit for the year	(3,870,653)	1,591,916
Shareholder's funds at 1 January	8,722,137	7,130,221
Shareholder's funds at 31 December	<u>4,851,484</u>	<u>8,722,137</u>

14. Controlling parties

The company is a wholly owned subsidiary of Brit Underwriting Holdings Limited, a company registered in England and Wales. 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.

15. Related party transactions

As a wholly owned 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.

16. Financial instruments

The Company has not made disclosures in accordance with Financial Reporting Standard 29 'Financial Instruments: Disclosures' as it is not exposed to risks arising from financial instruments.