



BRIT SYNDICATES LIMITED
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2008

TUESDAY



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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 2008.

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 £54 million (2007: £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 2008 the underwriting premium capacity of syndicate 2987 was £600 million (2007: £575 million).

The ratio of expenses to turnover was 103.98% (2007: 99.92%).

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 2009.

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 £1,591,916 (2007:£513,472) 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 2008 (2007: £ nil).

Directors

The names of the Directors as at the date of this report are listed on page 2. R J O Barton was appointed as a Director on 25 February 2008 and became Chairman on 15 May 2008 when C F Coates and J A V Townsend retired from the Board.

Brit SYNDICATES LIMITED

Report of the Directors

Employee and environmental matters

All staff in the Group 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 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

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

12 March 2009

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 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. 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.

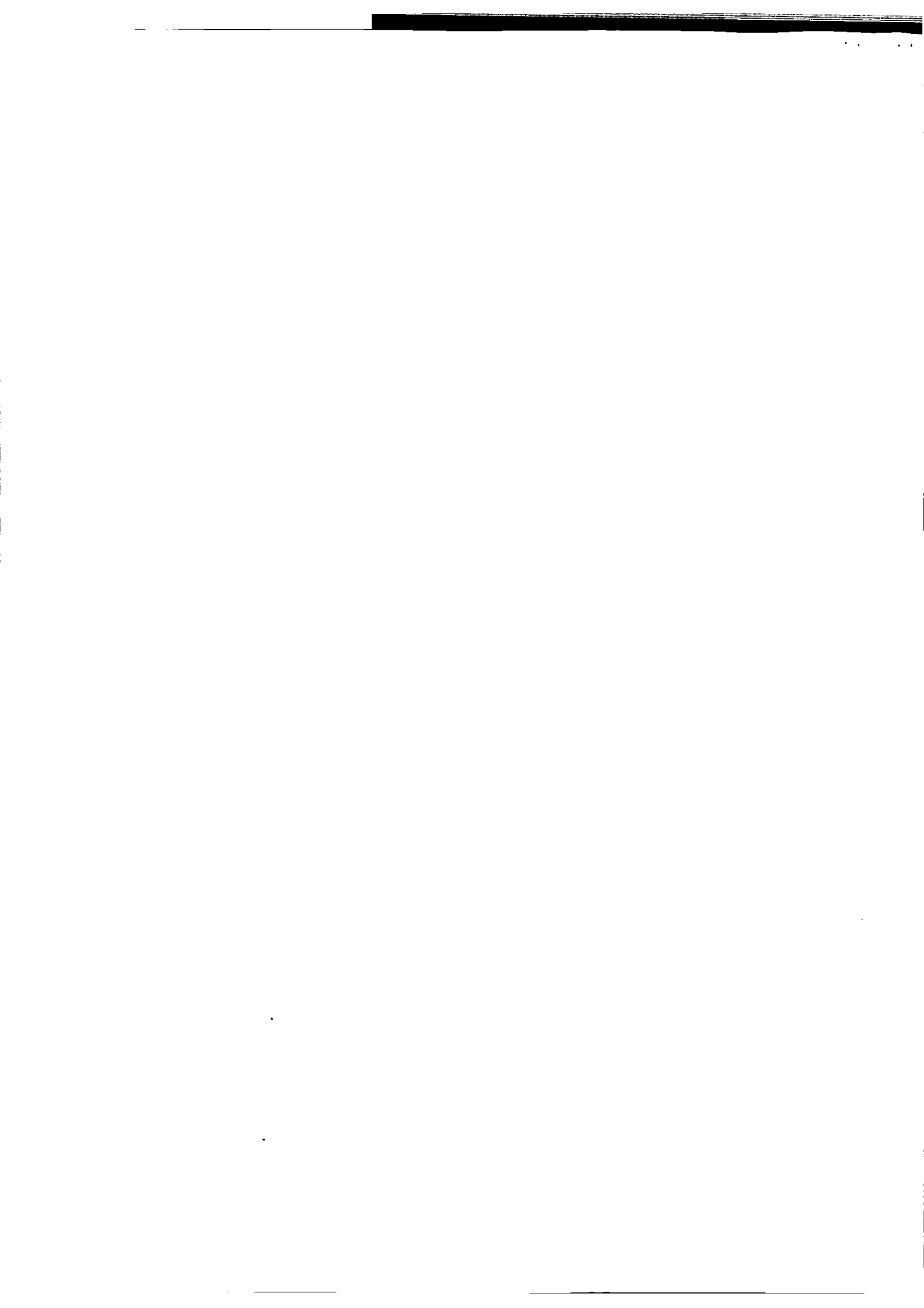
In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other 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.



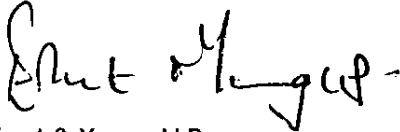
Brit SYNDICATES LIMITED

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 2008 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 report of the directors is consistent with the financial statements.



Ernst & Young LLP
Registered Auditor
London
12 March 2009

Brit SYNDICATES LIMITED

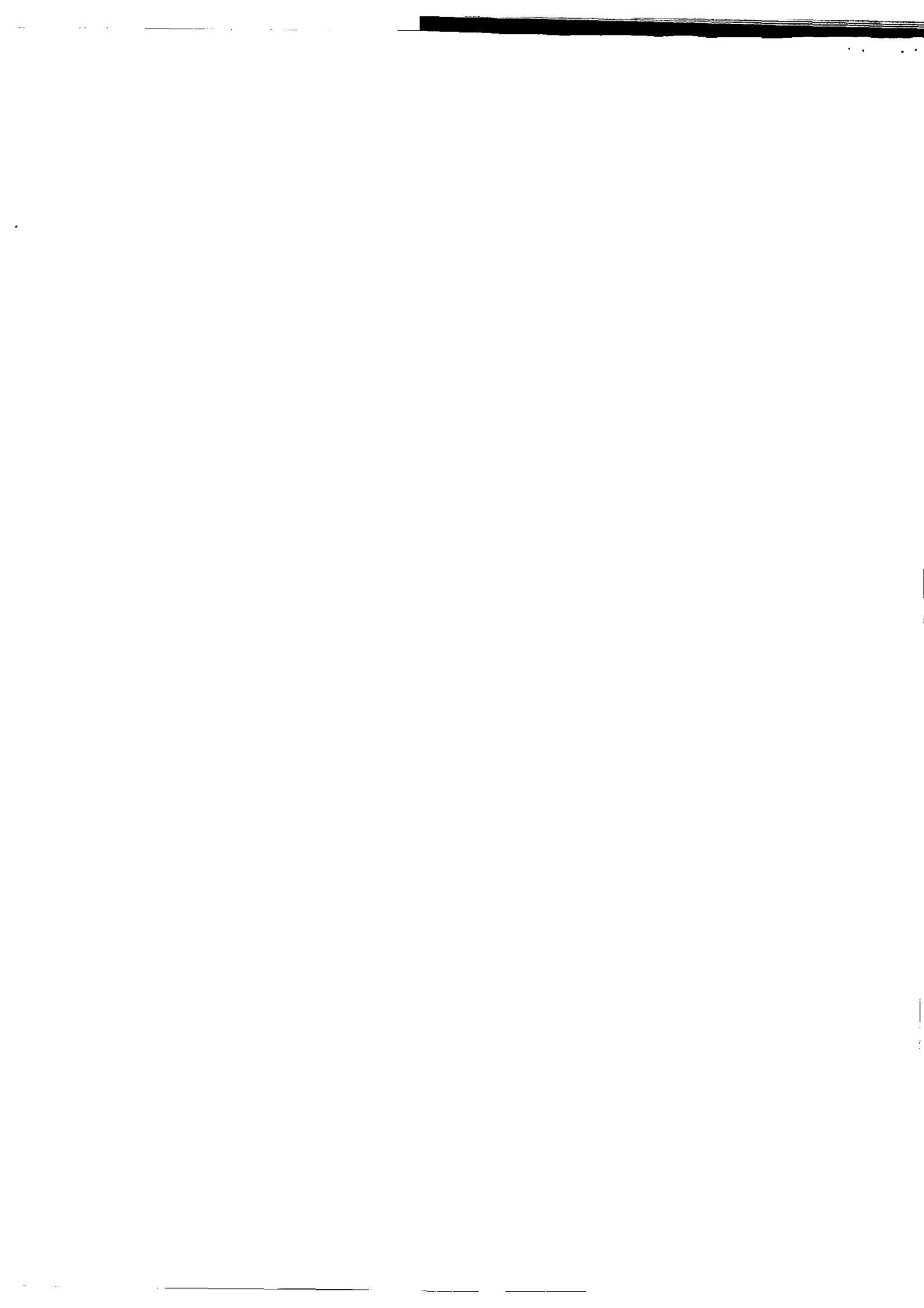
Profit and Loss Account For the Year Ended 31 December 2008

		Year ended 31 December 2008 £	Year ended 31 December 2007 £
	Notes		
Turnover	1 (d) & 2	54,000,000	45,000,000
Administrative expenses		(56,149,158)	(44,965,232)
Operating (loss)/profit	3	(2,149,158)	34,768
Interest receivable and similar income	4	3,379,111	133
Profit on ordinary activities before taxation		1,229,953	34,901
Taxation on profit on ordinary activities	8	361,963	478,571
Profit on ordinary activities after taxation		1,591,916	513,472

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 9 to 13 form part of these accounts.



Brit SYNDICATES LIMITED

Balance Sheet As at 31 December 2008

		2008 £	2007 £
	Notes		
Fixed assets			
Investments	9	202	202
Current assets			
Debtors	10	13,623,366	7,494,380
Cash at bank and in hand		30	3,983
		13,623,396	7,498,363
Creditors: Amounts falling due within one year	11	(4,901,461)	(368,344)
Net current assets		8,721,935	7,130,019
Net assets		8,722,137	7,130,221
Capital and reserves			
Called up share capital	12	1,000,100	1,000,100
Capital reserve		1,454	1,454
Profit and loss account		7,720,583	6,128,667
Shareholder's funds	13	8,722,137	7,130,221

The financial statements on pages 7 to 13 were approved by the Board of Directors on 12 March 2009 and signed on their behalf by:-

Director



Director



The notes on pages 9 to 13 form part of these accounts.



Brit SYNDICATES LIMITED

Notes to the Financial Statements For the year ended 31 December 2008

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) 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 2008 £	Year ended 31 December 2007 £
Fee income	54,000,000	45,000,000

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

3. Operating (loss)/profit

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
This is arrived at after charging:-		
Auditor's remuneration	7,000	8,353

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.

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 2008 £	Year ended 31 December 2007 £
Intragroup interest receivable	3,379,068	133
Bank interest receivable	43	-
	3,379,111	133

5. Staff costs

All staff in the Group 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 PLC.

8. Taxation

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
(i) Tax on profit on ordinary activities		
Current taxation:		
UK corporation tax at 30%	361,963	478,571
Total current tax (Note 8(ii))	<u>361,963</u>	<u>478,571</u>
(ii) Factors affecting the current tax charge		
Profit on ordinary activities before tax	<u>1,229,953</u>	<u>34,901</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 28.5% (2007: 30%)	(350,537)	(10,470)
Effects of:		
Expenses not deductible for tax purposes and other permanent differences	712,500	489,041
Total current tax (Note 8(i))	<u>361,963</u>	<u>478,571</u>

9. Fixed asset investments

	2008 £	2007 £
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.

Brit SYNDICATES LIMITED

Notes to the Financial Statements continued

10. Debtors

	2008 £	2007 £
Due within one year:		
Amounts due from Group companies	13,599,366	7,494,380
Loans	24,000	-
	<u>13,623,366</u>	<u>7,494,380</u>

11. Creditors

	2008 £	2007 £
Amounts falling due within one year:		
Amounts due to Group companies	200	200
Amounts due to managed syndicates	4,797,611	290,144
Accruals and deferred income	103,650	78,000
	<u>4,901,461</u>	<u>368,344</u>

12. Authorised and issued share capital

	2008 £	2007 £
Authorised, allotted and called up:		
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

	2008 £	2007 £
Profit for the year	1,591,916	513,472
Shareholder's funds at 1 January	7,130,221	6,616,749
Shareholder's funds at 31 December	<u>8,722,137</u>	<u>7,130,221</u>

14. Subsidiary companies

The Company's subsidiary undertakings at 31 December 2008 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.



Brit SYNDICATES LIMITED

Notes to the Financial Statements continued

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.

17. 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.

