

BRIT SYNDICATES LIMITED  
REPORT AND FINANCIAL STATEMENTS  
31 DECEMBER 2012



Registered No. 0824611

# **BRIT SYNDICATES LIMITED**

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# **BRIT SYNDICATES LIMITED**

## **Company Information**

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### **Executive Directors**

M B Cloutier  
S Egan (Resigned 30 March 2012)  
R C Cox (Resigned 13 April 2012)  
M D Wilson  
M J Beane (Resigned 31 May 2012)  
J R Turner (Resigned 06 February 2012)  
S D Robson (Appointed 12 September 2012)  
J W Stratton (Appointed 12 September 2012)

### **Non-Executive Directors**

P D Webster  
N E T Prettejohn  
A J Medniuk  
P F Hazell (Resigned 30 September 2012)  
I Jacob (Appointed 19 September 2012)

### **Secretary**

M D Jackson

### **Registered Office**

55 Bishopsgate  
London  
EC2N 3AS

### **Auditor**

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

# **BRIT SYNDICATES LIMITED**

## **Report of the Directors**

**Brit Syndicates Limited**  
**Registered Number 0824611**

The Directors present their report and the financial statements for the year ended 31 December 2012

### **Principal activities**

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)

### **Review of the business**

The Company received a flat fee of £84.6 million (2011 £68.4 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 2012 the underwriting premium capacity of Syndicate 2987 was £940 million (2011 £760 million)

The ratio of expenses to turnover was 93.21% (2011 100.94%)

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 2013.

### **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 actual performance against these on a monthly basis and taking action to reduce costs where appropriate.

The Company is regulated by Lloyd's in its role as a Managing Agent. Therefore the Company takes the risk that it will not meet the solvency requirements set by Lloyd's for Managing Agents. The Company manages this risk by setting budgets, monitoring actual performance against these on a monthly basis, taking action to reduce costs where appropriate and regularly reviewing its capital position.

### **Result and dividend**

The profit for the year after taxation is £4,679,641 (2011 £10,015)

The Directors do not recommend a final dividend for the year ended 31 December 2012 (2011 £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 (cont )

### 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.

Brit Insurance is committed to managing and reducing its environmental impact in a cost effective and responsible way.

### 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.

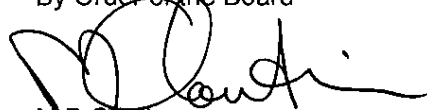
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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 B Cloutier  
Chief Executive Officer  
12 March 2013

# BRIT SYNDICATES LIMITED

## Independent Auditor's Report To the Members of Brit Syndicates Limited

We have audited the financial statements of Brit Syndicates Limited for the year ended 31 December 2012 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 Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 and express an opinion on 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.

### 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. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### 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 2012 and of its profit 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.

Michael Purrington (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

12 March 2013



## BRIT SYNDICATES LIMITED

### Profit and Loss Account

For the Year Ended 31 December 2012

		2012 £	2011 £
	Notes		
<b>Turnover</b>	1 (b) & 2	84,600,000	68,400,000
Administrative expenses		(78,857,462)	(69,041,116)
<b>Operating profit/(loss)</b>	3	5,742,538	(641,116)
Interest receivable and similar income	4	477,626	534,560
<b>Profit/(loss) on ordinary activities before taxation</b>		6,220,164	(106,556)
<b>Taxation on profit/(loss) on ordinary activities</b>	8	(1,540,523)	116,571
<b>Profit on ordinary activities after taxation</b>		4,679,641	10,015

The profit and loss account relates entirely to continuing activities

There is no difference between the profit/loss on ordinary activities before taxation and the retained profit/loss 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 and loss account above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 8 to 12 form part of these financial statements

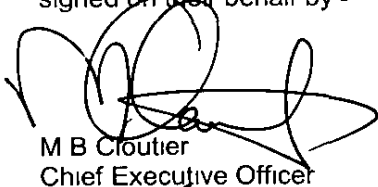
# BRIT SYNDICATES LIMITED

## Balance Sheet

As at 31 December 2012

		2012 £	2011 £
	Notes		
<b>Current assets</b>			
Debtors	9	12,241,757	5,050,412
Cash at bank and in hand		2,231	30
		<u>12,243,988</u>	<u>5,050,442</u>
<b>Creditors: Amounts falling due within one year</b>	10	<u>(3,308,378)</u>	<u>(794,473)</u>
<b>Net current assets</b>		<u>8,935,610</u>	<u>4,255,969</u>
<b>Net assets</b>		<u>8,935,610</u>	<u>4,255,969</u>
<b>Capital and reserves</b>			
Called up share capital	11	1,000,100	1,000,100
Capital reserve		1,454	1,454
Profit and loss account		<u>7,934,056</u>	<u>3,254,415</u>
<b>Shareholder's funds</b>	12	<u>8,935,610</u>	<u>4,255,969</u>

The financial statements on pages 6 to 12 were approved by the Board of Directors on 12 March 2013 and signed on their behalf by -



M B Cloutier  
Chief Executive Officer



J W Stratton  
Director

The notes on pages 8 to 12 form part of these financial statements



# BRIT SYNDICATES LIMITED

## Notes to the Financial Statements

For the Year Ended 31 December 2012

### 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) **Turnover**

Turnover consists of a flat fee receivable from the managed syndicates in return for providing all of the necessary Lloyd's managing agency services

(c) **Expenses**

All expenses are accounted for on an accruals basis

(d) **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

(e) **Cash flow statement**

Brit Syndicates Limited is exempt from preparing a cash flow statement under Financial Reporting Standard 1 Achilles Holdings 1 S à r l, the ultimate parent company, whose financial statements are publicly available, has prepared a consolidated cash flow statement, which includes the cash flows of the company

## BRIT SYNDICATES LIMITED

### Notes to the Financial Statements For the Year Ended 31 December 2012

#### 2 Turnover

	2012 £	2011 £
Fee income	<u>84,600,000</u>	<u>68,400,000</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 -	2012 £	2011 £
Auditor's remuneration	<u>11,000</u>	<u>11,000</u>

The Company is exempt from disclosing fees paid to the Company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit of the Company as non-audit fees have been disclosed in the consolidated financial statements of Achilles Holdings 1 S à r l, the ultimate parent company

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

	2012 £	2011 £
Intra-group interest receivable	<u>477,626</u>	<u>534,560</u>

#### 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 provides pension benefits to Group staff. These benefits are provided by a defined benefit scheme which closed to future accrual of benefits on 31 December 2012 and a defined contribution group personal pension plan. 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 is included in the notes to the accounts of Brit Group Services Limited

## BRIT SYNDICATES LIMITED

### Notes to the Financial Statements

For the Year Ended 31 December 2012

#### 7 Directors' remuneration and transactions involving Directors

The Executive Directors did not receive any remuneration for their services to the Company during the year ended 31 December 2012 (2011 Nil). The Non-Executive Directors received fees from the Group for their services to the Company, for being Non-Executive Directors of Brit Syndicates Limited and for membership of Group Committees.

The total remuneration received by the Non-Executive Directors was Peter Hazell £8.7k (2011 from 10 March £14.2k), Anthony John Medniuk £31.3k (2011 from 21 November £6.5k), Nick Prettejohn £20.1k (2011 from 16 December £1.1k) and Peter Webster £30.4k (2011 £50k). Ipe Jacob £4.2k since becoming a Director on 19 September 2012.

#### 8 Taxation

	2012 £	2011 £
(i) Tax (charge)/credit on loss on ordinary activities		
Current taxation		
UK corporation tax at 24.5% (2011 26.5%)	(1,534,124)	116,571
Adjustments in respect of prior years	(6,399)	-
Total current tax credit (Note 8(ii))	<u>(1,540,523)</u>	<u>116,571</u>
(ii) Factors affecting the current tax credit		
Profit/(loss) on ordinary activities before tax	<u>6,220,164</u>	<u>(106,556)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in UK of 24.5% (2011 26.5%)	(1,523,940)	28,237
Effects of		
Expenses not deductible for tax purposes and other permanent differences	(10,184)	88,334
Other adjustments to tax charge in respect of prior years	(6,399)	-
Total current tax (liability)/credit (Note 8(i))	<u>(1,540,523)</u>	<u>116,571</u>

#### 9 Debtors

	2012 £	2011 £
Due within one year		
Amounts due from Group companies	12,241,757	5,050,412
	<u>12,241,757</u>	<u>5,050,412</u>

## BRIT SYNDICATES LIMITED

### Notes to the Financial Statements For the Year Ended 31 December 2012

#### 10 Creditors

	2012 £	2011 £
Amounts falling due within one year		
Amounts due to Group companies	540,805	192,743
Amounts due to managed syndicates	1,749,460	360,004
Accruals and deferred income	1,018,113	241,726
	<u>3,308,378</u>	<u>794,473</u>

#### 11 Issued share capital

	2012 £	2011 £
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>

#### 12 Profit and loss account

	2012 £	2011 £
Balance as at 1 January	3,254,415	3,244,400
Profit for the year	4,679,641	10,015
Shareholder's funds at 31 December	<u>7,934,056</u>	<u>3,254,415</u>

#### 13 Reconciliation of movements in shareholder's funds

	2012 £	2011 £
Profit for the year	4,679,641	10,015
Shareholder's funds at 1 January	4,255,969	4,245,954
Shareholder's funds at 31 December	<u>8,935,610</u>	<u>4,255,969</u>

#### 14 Ultimate holding company

The Company is a wholly owned subsidiary of Brit Underwriting Holdings Limited. As at 31 December 2012, the ultimate holding company was Achilles Holdings 1 S à r l, a Luxembourg registered company. Copies of S à r l accounts can be obtained by writing to 5, rue Guillaume Kroll, L – 1882, Luxembourg.

## **BRIT SYNDICATES LIMITED**

### **Notes to the Financial Statements** For the Year Ended 31 December 2012

#### **15 Related party transactions**

The Company has taken advantage of the exemption in Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with other wholly owned subsidiaries within the Group. This is by virtue of the entity being wholly owned within a group whose consolidated financial statements are publicly available.

#### **16 Financial instruments**

The Company has taken advantage of the exemption in Financial Reporting Standard 29 'Financial Instruments Disclosures' not to provide the disclosures required by this standard. This is by virtue of the entity being included in publicly available consolidated financial statements which include disclosures that comply with this standard.