

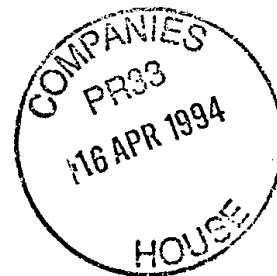
Registers Copy

Reports and Financial Statements

Brockbank Syndicate Management Limited

Registered Number: 1515647

31 December, 1993



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Brockbank Syndicate Management Limited

Report of the Directors

The directors present their report and financial statements for the 15 month period ended 31 December, 1993.

The company changed its name to Brockbank Syndicate Management Limited from Alston Brockbank Agencies Limited on 1 January, 1993.

Statement of Directors' Responsibilities

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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Review of the Business and Future Developments

The principal activity of the business continues to be that of managing agent at Lloyd's. The company acts as managing agent for Syndicates 861 and 588 which are underwriting throughout the period and in 1994. They have no years of account left open beyond their normal closing dates.

It also acts for the following syndicates in run-off:

Syndicate	Ceased Underwriting	Year of Account
927/935	31.12.90	1984 & 1990
89	31.12.84	1982

The management of Syndicate 89 was transferred to Syndicate Underwriting Management Ltd on 1st January 1994.

Brockbank Syndicate Management Limited

Both the level of trading and the year end financial position were satisfactory, and the directors expect the position to continue for the foreseeable future.

Results and Dividends

The results for the period and the state of the company's affairs as at 31 December, 1993 are shown in the financial statements.

An interim dividend of £1,250,000 was paid to the B non-voting shareholder on 1 July, 1993 (1992 £600,000). The directors propose the payment of a final dividend £108,582 (1992 £nil).

The directors propose to transfer to retained reserves £336,422 (1992 £168,093).

Share Capital

On 23 April 1993, in order to comply with the revised financial standards for Lloyd's underwriting agents, the authorised share capital of the company was increased to £675,000 by the creation of 424,900 B non-voting shares of £1 each. 399,900 B non-voting shares of £1 each were allotted to The Brockbank Group Plc for cash at par on the same day.

Fixed Assets

Details of changes in fixed assets are given in notes 8 and 9 to the financial statements.

Directors

The following people served as directors during the period from 1 October 1992 to the date of this report. The interests of the directors at 31 December, 1993 in the shares of the company and its holding company according to the register of directors' interests were as follows:

K J Allen	(Appointed 14 February 1994)
M E Brockbank	
T I Dale-Harris	(Resigned 31 December 1992)
A J R Mackay	(Appointed 23 April 1993)
C N Mackinnon	
I P Martin	(Appointed 2 February 1993)
N J Metcalf	
M R D Reith	
J K Shipton	
S E Spinney	
G E Stevens	

With the exception of G E Stevens who held 1 A Voting share throughout the period, no other director held any shares in the company.

Brockbank Syndicate Management Limited

	The Brockbank Group Plc			
	10p Ordinary Shares		Share Options	
	31.12.93	*30.9.92	31.12.93	*30.9.92
K J Allen	-	-	-	-
M E Brockbank	2,060,677	1,695,250	126,000	126,000
T I Dale-Harris	388,285	388,285	25,000	25,000
C N Mackinnon	25,000	25,000	30,000	30,000
N J Metcalf	315,000	215,000	148,700	130,000
M R D Reith	30,000	30,000	32,500	20,000
J K Shipton	51,000	1,000	-	-
S E Spinney	110,000	110,000	50,000	30,000
G E Stevens	1,810,610	1,451,433	157,500	157,500
A J R Mackay	75,000	-	25,000	-
I P Martin	50,000	25,000	17,500	14,412

* Or on appointment

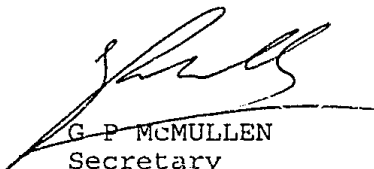
Share options have been granted under The Brockbank Group schemes for 85p or 87.5p per ordinary 10p share. The options are exercisable on varying dates between 31 March 1993 and 30 August 2003.

Mr J K Shipton held 330,693 Convertible Unsecured Loan Notes (2001) of £1 issued by The Brockbank Group Plc on 1st January 1993. The holding was reduced to £nil on 23 July 1993. No other directors had an interest in the Loan Notes.

Departure from Standard Accounting Practice

The financial statements do not consolidate the results of Admiral Insurance Services Limited or its subsidiary, Admiral Services (Europe) Limited, as the directors are of the opinion that to consolidate these subsidiaries would be contrary to the obligation to provide a true and fair view. The group will receive no direct benefit from its shareholding in Admiral Insurance Services Limited as any revenue or capital receipts will be credited to the group's managed syndicates.

BY ORDER OF THE BOARD


G. P. MCMULLEN
Secretary

18 Rood Lane
LONDON EC3M 8AP

21 February 1994

AUDITORS' REPORT TO THE SHAREHOLDERS OF

Brockbank^{*} Syndicate Management Limited

We have audited the financial statements on pages 5 to 13 which have been prepared following the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1993 and of its profit for the 15 month period then ended and have been properly prepared in accordance with the Companies Act 1985.



NEVILLE RUSSELL
CHARTERED ACCOUNTANTS
and Registered Auditors
246 Bishopsgate
London EC2M 4PB

21 February 1994

Brockbank Syndicate Management Limited

Profit and Loss Account
for the 15 months ended 31 December, 1993

	Note	15 months to 31.12.93 £	12 months to 30.9.92 £
Turnover	2	3,055,989	1,877,013
Administrative expenses		(834,350)	(715,938)
		-----	-----
OPERATING PROFIT		2,221,639	1,161,075
Net interest receivable	3	6,223	-
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	2,227,862	1,161,075
Taxation on ordinary activities	6	(641,440)	(392,982)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,586,422	768,093
Dividends	7	(1,358,582)	(600,000)
		-----	-----
RETAINED PROFIT FOR THE PERIOD		£227,840	£168,093
		=====	=====
STATEMENT OF RETAINED PROFITS			
At 1 October, 1992		498,355	330,262
Retained profit for the period		227,840	168,093
		-----	-----
At 31 December, 1993		£726,195	£498,355
		=====	=====

All recognised gains and losses are included in the Profit and Loss Account above.

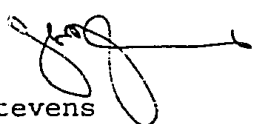
The company's turnover and expenses all relate to continuing operations.

Brockbank Syndicate Management Limited

Balance Sheet
as at 31 December, 1993

	Note	31 Dec 1993 £	30 Sept 1992 £
FIXED ASSETS			
Intangible assets	8	44,350	60,350
Investments	9	800	800
		-----	-----
		45,150	61,150
CURRENT ASSETS			
Debtors	10	79,975	457,681
Cash at bank		2,929,497	873,037
		-----	-----
		3,009,472	1,330,718
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
	11	1,753,427	718,413
		-----	-----
NET CURRENT ASSETS		1,256,045	612,305
		-----	-----
TOTAL ASSETS LESS LIABILITIES		£1,301,195	£673,455
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	12	575,000	175,100
Profit and loss account		726,195	498,355
		-----	-----
		£1,301,195	£673,455
		=====	=====

Approved by the board on
21 February 1994
and signed on its behalf by



G E Stevens
Director

Brockbank Syndicate Management limited

Notes to the Financial Statements for the 15 months ended 31 December, 1993

1. Accounting Policies

- a) The financial statements are prepared under the historical cost convention in accordance with Financial Reporting Standards and Statements of Standard Accounting Practice.
- b) Turnover comprises underwriting agency fees, profit commissions and management fees.

The principal trading receipts are agency fees derived from Underwriting Names at Lloyd's. These are charged annually to Names and allocated to the first twelve months of each underwriting account

Profit commission is brought into account in the year in which it is received. The profit commission brought into the 1993 financial statements of the company relates to the 1990 Lloyd's year of account.

- c) Investment income is dealt with on an accruals basis.
- d) Other income and expenses are dealt with on an accruals basis.
- e) Goodwill represents the excess of cost of acquisition of the whole of the underwriting businesses of two Lloyd's agencies over the fair value of net tangible assets of the businesses acquired. Also included is the cost of acquiring the right to manage syndicate 927. Goodwill is amortised over ten years, which the directors estimate to be the period over which the company will derive economic benefit.
- f) Comparative figures are for the period from 1 October 1991 to 30 September 1992.

2 Turnover

	15 months to 31.12.93	12 months to 30.9.92
	£	£
Net agency fees	2,360,453	1,337,905
Profit commissions	632,741	488,222
Management fees	62,795	50,886
	-----	-----
	£3,055,989	£1,877,013
	=====	=====

The whole of the turnover arises in the United Kingdom.

Brockbank Syndicate Management Limited

3 Net Interest Receivable

	15 months to 31.12.93 £	12 months to 30.9.92 £
Interest received on prior year taxation refund	6,868	-
Deposit interest	55	-
	-----	-----
	6,923	-
Bank interest payable	(162)	-
Interest on overdue taxation	(538)	-
	-----	-----
	£6,223	-
	=====	=====

4 Profit On Ordinary Activities Before Taxation

Profit on ordinary activities before taxation is stated after charging:

	15 months to 31.12.93 £	12 months to 30.9.92 £
Auditors' remuneration	12,000	11,000
Amortisation of goodwill	16,000	12,800
	=====	=====

Staff are remunerated as employees of the company's ultimate parent company. A management charge is levied on the company which includes the company's proportion of group staff costs and directors' emoluments. An analysis of staff cost and numbers is provided in the consolidated group accounts.

5. Directors' Emoluments

	15 months to 31.12.93 £	12 months to 30.9.92 £
Management services	1,626,937	1,129,493
Fees	-	-
Pension contributions	111,559	96,006
	-----	-----
	1,738,496	£1,225,499
	-----	-----
Less: Charged to syndicates:		
Management services	1,514,781	1,084,327
Pension contributions	101,405	92,963
	-----	-----
	£1,616,186	£1,177,290
	-----	-----
Borne by the company	£122,310	£48,209
	=====	=====

Brockbank Syndicate Management Limited

The emoluments of the directors, including amounts borne by syndicates but excluding pension contributions, were as follows:

	15 months to 31.12.93 £	12 months to 30.9.92 £
The chairman	214,415	82,814
The highest paid director	578,479	390,754

The number of directors who received emoluments in the following ranges were:

	Number	Number
Up to £5000	-	4
£15,001 to £20,000	-	1
£25,001 to £30,000	1	-
£35,001 to £40,000	1	-
£40,001 to £45,000	1	-
£60,001 to £65,000	1	-
£65,001 to £70,000	-	1
£70,001 to £75,000	1	1
£80,001 to £85,000	-	1
£120,001 to £125,000	1	-
£130,001 to £135,000	-	1
£165,001 to £170,000	-	1
£195,001 to £200,000	1	1
£210,001 to £215,000	1	-
£265,001 to £270,000	1	-
£390,001 to £395,000	-	1
£575,001 to £580,000	1	-

6 Taxation On Profit On Ordinary Activities

	15 months to 31.12.93 £	12 months to 30.9.92 £
United Kingdom Corporation Tax		
On profit for the period @ 33%	738,196	395,660
Prior year adjustment	(96,756)	(2,678)
	-----	-----
	£641,440	£392,982
	=====	=====

Brockbank Syndicate Management Limited

7 Dividends

	15 months to 31.12.93 £	12 months to 30.9.92 £
B non-voting shares		
Interim dividend £2.174 per share (1992 £3.429 per share)	1,250,000	600,000
Proposed final dividend £.188 per share (1992 nil)	108,582	-
	-----	-----
	£1,358,582	£600,000
	=====	=====

8 Intangible Fixed Assets

	£
Cost of goodwill:	
At 1 October, 1992	128,000

At 31 December, 1993	128,000

Amortisation:	
At 1 October, 1992	67,650
Charge for the period	16,000

At 31 December, 1993	83,650

Net book value	
At 31 December, 1993	£44,350
	=====
At 30 September, 1992	£60,350
	=====

9 Fixed Asset Investments - Group Undertakings

	31 Dec 1993 £	30 Sept 1992 £
Shares in subsidiary undertakings		
at cost	800	800
	===	===

The company holds 800 shares of £1 each in Admiral Insurance Services Limited, a company registered in England and Wales, representing 80% of the issued share capital.

These accounts do not consolidate the results of Admiral Insurance Services Limited and its subsidiary, Admiral Services (Europe) Limited, as the company will gain no direct benefit from its shareholding. The shares are held for the benefit of the group's managed syndicates. The shares in Admiral Insurance Services Limited are stated at cost of £800, being the par value of the shares allotted.

Brockbank Syndicate Management Limited

10	Debtors	31 Dec 1993 £	30 Sept 1992 £
	Due within one year:		
	Amounts owed by group undertakings	-	154
	Advance corporation tax recoverable	31,524	187,286
	Prepayments and accrued income	25,000	265,564
	Corporation tax refund	23,451	-
		-----	-----
		79,975	453,004
	Due after one year:		
	Advance corporation tax recoverable	-	4,677
		-----	-----
		£79,975	£457,681
		=====	=====
11	Creditors	31 Dec 1993 £	30 Sept 1992 £
	Amounts due within one year:		
	Bank overdraft	3,843	75,606
	Trade creditors	433,819	-
	Amounts due to holding company	669,196	149,684
	Amounts due to group undertakings	30,983	150,000
	Corporation Tax	571,003	113,913
	Other taxation	-	8,452
	ACT payable	31,524	191,963
	Accruals & deferred income	13,059	28,795
		-----	-----
		£1,753,427	£718,413
		=====	=====
12	Share Capital	31 Dec 1993 £	30 Sept 1992 £
	Authorised:		
	A voting shares of £1 each	100	100
	B non-voting shares of £1	674,900	250,000
		-----	-----
		£675,000	£250,100
		=====	=====
	Issued and fully paid:		
	A voting shares of £1 each	100	100
	B non-voting shares of £1	574,900	175,000
		-----	-----
		£575,000	£175,100
		=====	=====

During the year authorised Share Capital was increased to £500,000 by the creation of 424,900 B non-voting shares of £1 each.

399,900 B non-voting shares of £1 each were issued for cash to The Brockbank Group plc to provide additional working capital.

Brockbank Syndicate Management Limited

13. Reconciliation of Movements in Shareholders' Funds

	Share Capital £	Profit & Loss Account £	Total Share- holders Funds £
Balance @ 1 October 1991	160,100	330,262	490,362
Profit for the year	-	768,093	768,093
Dividends paid	-	(600,000)	(600,000)
New share capital subscribed	15,000	-	15,000
Balance @ 30 September 1992	175,100	498,355	673,455
Profit for the period	-	1,586,422	1,586,422
Dividends paid and proposed	-	(1,358,582)	(1,358,582)
New share capital subscribed	399,900	-	399,900
Balance @ 31 December 1993	£575,000	£726,195	£1,301,195

14 Parent Undertaking

The ultimate parent company is The Brockbank Group plc which is incorporated in Great Britain.

Brockbank Syndicate Management Limited**15 Pension Commitments**

The company is a member of the group's defined benefit pension scheme. The assets are held separately from those of the company, being invested with Provident Mutual Managed Pension Funds Limited. Contributions to the scheme are charged to the profit and loss account so as to spread the cost over an employee's working life with the company. The contributions are determined by an actuary on the basis of triennial valuations using the project unit method. The most recent valuation was as at 31 December, 1991. The assumptions which have the most significant effects on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that investment returns would average 9% per annum, and that present and future salaries and pensions would increase at the rate of 8% per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets was £867,000, and that the actuarial value of those assets represented 108% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company and employees will remain at 9.7% and 3% of earnings respectively.

In addition, the group operates defined contribution pension schemes for certain employees.

The assets of the schemes are held separately from those of the company in independently administered funds.

Brockbank Syndicate Management Limited

Detailed Profit and Loss Account
for the 15 month period ended 31 December, 1993

	15 months to 31.12.93 £	12 months to 30.9.92 £
INCOME		
Agency fees	2,371,569	1,337,905
Less: paid away	11,116	-
	-----	-----
	2,360,453	1,337,905
Profit commission	536,470	423,403
Other fees and commission:		
Management fees	62,795	50,886
Investment income:		
Interest receivable	6,923	-
	-----	-----
	2,966,641	1,812,194
EXPENDITURE		
Management fee	449,621	299,684
Insurance	260,048	294,000
Subscriptions and donations	8,245	19,379
Legal, professional and audit	3,977	10,025
Irrecoverable VAT	-	13,513
Interest payable	442	-
Other expenses	446	1,718
Goodwill amortised	16,000	12,800
	-----	-----
	738,779	651,119
PROFIT BEFORE TAXATION	-----	-----
	£2,227,862	£1,161,075
	=====	=====