



HCG BRAVO LIMITED

ANNUAL REPORT AND ACCOUNTS

31 DECEMBER 2001



Registered No. 2853870

Contents

Page

2	Company Information
3	Report of the Directors
6	Auditors' Report
8	Technical Account – General Business
9	Non-Technical Account
10	Balance Sheet
12	Notes to the Financial Statements

HCG BRAVO LIMITED

Company Information

Directors

N D Eckert
J M P Welman
A Holland
P J Goddard

Secretary

Brit Group Services Ltd

Members' Agent

Wren Underwriting Agencies Limited
55 Bishopsgate
London
EC2N 3AS

Registered Office

55 Bishopsgate
London
EC2N 3AS

Registered Number

2853870

Auditors

Mazars Neville Russell
Chartered Accountants & Registered Auditors
24 Bevis Marks
London
EC3A 7NR

HCG BRAVO LIMITED

Report of the Directors

The directors present herewith their annual report, together with the audited financial statements of the Company for the year ended 31 December 2001.

Review of the business

The Company is authorised by the Council of Lloyd's to operate as a corporate member of Lloyd's. The Company has allocated premium income capacity as follows:

1999 Underwriting Year of Account £13,092,408

The 1999 Underwriting Year of Account closed on 31 December 2001 and the Company has made an underwriting profit of £1,042,000 (2000: loss of £535,000) before agents' expenses and tax but after aggregate provisions of £449,000 (2000: £2,175,000). The provision for open year losses is in respect of syndicate 991 for the 1998 year of account.

During 2000, the Company's ultimate parent company Brit Insurance Holdings PLC reorganised its underwriting activities for the 2000 and subsequent years of account and as a result of this reorganisation the Company ceased underwriting at the end of the 1999 year of account.

The Company's underwriting activities were supported by a covenant from its ultimate parent company to pay up to £7,982,623 (2000: 9,147,917) where the Company's assets are insufficient to meet its liabilities at Lloyd's. However as part of the reorganisation of the Group's underwriting activities a Group "Inter-availability scheme" to support underwriting activities for the 2000 and prior underwriting years of account has been set up. To this end the Company has made inter-available £7,982,623 of its covenant to Brit UW Limited, a fellow group company, to support its 2000 year of account underwriting activities. The covenant is now provided by Masthead Insurance Underwriting Limited.

Result and dividend

The Company made a profit for the year of £555,000 (2000: loss of £437,000).

The directors do not recommend the payment of a dividend for the year ended 31 December 2001 (2000: £ nil).

Directors and share interests

The names of the directors as at the date of this report are listed on page 2. A Holland and P J Goddard were appointed on 20 March 2002.

No director held any interest in the Company on 31 December 2001. The interests of the directors who held office as at 31 December 2001 and their families in the share capital of other group companies are dealt with in the accounts of Brit Insurance Holdings PLC, the ultimate holding company.

The interests of the directors who held office as at 31 December 2001 in the Brit Employee Share Ownership Plan 2001 ("ESOP") are dealt with in the accounts of Brit Insurance Holdings PLC, the ultimate holding company.

An initial award of 500 free shares was made to all eligible participants on 19 October 2001.

HCG BRAVO LIMITED

Report of the Directors continued

Participating directors have been able to acquire further shares on a monthly basis after this date. Details of the ESOP and its operation are given in the accounts of Brit Insurance Holdings PLC, copies of which can be obtained from 55 Bishopsgate, London EC2N 3AS. No shares were forfeited in the period to 31 December 2001.

Secretary

Brit Group Services Limited was appointed on 16 March 2001.

Managers and advisors

Wren Underwriting Agencies Limited (WUA), a fellow subsidiary, provided Lloyd's members' agent services to the Company.

Statement of directors' responsibilities

Company Law requires directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit/loss of the Company for the year. The financial statements must be prepared in compliance with the required format and disclosures of the Companies Act 1985 and with applicable accounting standards.

In addition, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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 accounts; and
- prepare financial statements on a going concern basis unless it is inappropriate to assume the Company will continue in business.

The directors confirm that the financial statements comply with the above requirements.

The directors are also responsible for maintaining adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Ultimate holding company

The ultimate parent company is Brit Insurance Holdings PLC.

Elective Resolutions

HCG BRAVO LIMITED

Report of the Directors continued

Elective resolutions under Section 379A of the Companies Act 1985 were passed on 11 July 2000.

By Order of the Board

FOR BRIT GROUP SERVICES LTD
CORPORATE SECRETARY

 **DIRECTOR**

Brit Group Services Limited
Secretary

16 June 2002

HCG BRAVO LIMITED

Independent Auditors' Report To the Shareholders of HCG Bravo Limited

We have audited the financial statements on pages 8 to 23. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 12.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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.

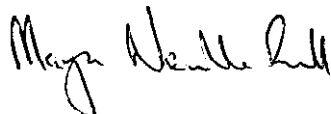
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity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

HCG BRAVO LIMITED

Independent Auditors' Report continued

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MAZARS NEVILLE RUSSELL
Chartered Accountants and Registered Auditor
24 Bevis Marks
London
EC3A 7NR
13 June 2002

HCG BRAVO LIMITED

Technical Account-General Business For the Year Ended 31 December 2001

	Note	Year ended 31 December 2001		Year ended 31 December 2000	
		£'000	£'000	£'000	£'000
Earned premiums, net of reinsurance:					
Gross premiums written	3(a)	147		887	
Outward reinsurance premiums		(104)		(264)	
		<hr/>		<hr/>	
Net premiums written			43		623
Allocated investment return transferred from The non-technical account			615		1,183
Claims paid:					
Gross amount	3(a)	(8,433)		(15,646)	
Reinsurers' share		3,406		6,517	
		<hr/>		<hr/>	
		(5,027)		(9,129)	
Change in the provisions for claims:					
Gross amount	3(a)	6,381		9,725	
Reinsurers' share		(884)		(2,836)	
		<hr/>		<hr/>	
		5,497		6,889	
Claims incurred, net of reinsurance					
	4		470		(2,240)
Net operating expenses	5		(86)		(101)
			<hr/>		<hr/>
Balance transferred to the non-technical account			1,042		(535)

HCG BRAVO LIMITED

Non-Technical Account For the Year Ended 31 December 2001

		Year ended 31 December 2001	Year ended 31 December 2000
	Note	£'000	£'000
Balance on the general business technical account		1,042	(535)
Investment income		661	961
Realised gains/(losses) on investments		(34)	238
Investment expenses and charges		(12)	(16)
Allocated investment return transferred to the General business technical account		(615)	(1,183)
Other income	6	8	51
Other charges, including value adjustments	7	2	(3)
Profit/(Loss) on ordinary activities before tax		1,052	(487)
Tax on profit/(loss) on ordinary activities	8	(497)	50
Profit/(Loss) on ordinary activities after tax		555	(437)
Dividends		-	-
Retained surplus/(deficit) for the financial period	14	555	(437)

There were no other recognised gains or losses in the period

The Company's income and expenses all relate to discontinued operations

HCG BRAVO LIMITED

Balance Sheet

As at 31 December 2001

		As at 31 December 2001			As at 31 December 2000		
	Note	Corporate £'000	Syndicate £'000	Total £'000	Corporate £'000	Syndicate £'000	Total £'000
Fixed Asset Investments:							
Financial Investments	9	-	8,541	8,541	-	12,485	12,485
Deposits with ceding undertakings		-	29	29	-	4	4
		-	8,570	8,570	-	12,489	12,489
Reinsurers' Share of Technical Provisions:							
Claims outstanding		-	5,937	5,937	-	9,286	9,286
Debtors:							
Arising out of direct insurance operations - due from intermediaries		-	61	61	-	737	737
Arising out of reinsurance operations		-	1,844	1,844	-	9,754	9,754
Other	10	55	(340)	(285)	56	223	279
		55	1,565	1,620	56	10,714	10,770
Other Assets:							
Cash at bank and in hand		-	749	749	-	761	761
Provision for deferred taxation	11	523	-	523	929	-	929
Other		-	1,313	1,313	-	977	977
		523	2,062	2,585	929	1,738	2,667
Prepayments and Accrued Income:							
		-	35	35	-	65	65
Total Assets		578	18,169	18,747	985	34,292	35,277

HCG BRAVO LIMITED

Balance Sheet continued

		As at 31 December 2001			As at 31 December 2000		
	Note	Corporate £'000	Syndicate £'000	Total £'000	Corporate £'000	Syndicate £'000	Total £'000
Capital and Reserves:							
Called up share capital	13	500	-	500	500	-	500
Revenue reserve	14	(2,369)	-	(2,369)	(2,924)	-	(2,924)
Equity Shareholders' Funds							
	15	(1,869)	-	(1,869)	(2,424)	-	(2,424)
Technical Provisions:							
Claims outstanding - gross		-	17,157	17,157	-	33,473	33,473
Provisions for losses foreseen on open years	3(b)	-	449	449	-	2,175	2,175
		-	17,606	17,606	-	35,648	35,648
Creditors:							
Arising from direct insurance operations		-	374	374	-	212	212
Arising from reinsurance operations		-	1,096	1,096	-	291	291
Other creditors	12	2,447	(916)	1,531	3,409	(1,883)	1,526
		2,447	554	3,001	3,409	(1,380)	2,029
Accruals and Deferred Income:							
		-	9	9	-	24	24
Total Liabilities							
		578	18,169	18,747	985	34,292	35,277

The financial statements on pages 8 to 23 were approved by the Board of Directors on 18 June 2002 and were signed on its behalf by

N. D. Eckert

N D ECKERT
Director

HCG BRAVO LIMITED

Notes to the Financial Statements For the year ended 31 December 2001

1. Basis of preparation of financial statements

(a) Basis of preparation

The financial statements are prepared in accordance with Section 255 of, and Schedule 9A to, the Companies Act 1985 ('the Act').

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards

(b) Recognition of insurance transactions

Preparing financial statements in accordance with Section 255 of, and Schedule 9A to, the Act has meant the Company recognises its proportion of all the transactions undertaken by the Lloyd's syndicates in which it participates ('the syndicates').

For each such syndicate, the Company's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the Company's technical profit and loss account. Similarly, its proportion of each syndicate's assets and liabilities has been reflected in its balance sheet (under the column heading 'syndicate'). Syndicate assets are held subject to trust deeds for the benefit of the Company's insurance creditors.

The proportion referred to above is calculated by reference to the Company's participation as a percentage of each syndicate's total capacity.

The Company has delegated sole management and control of its underwriting through each syndicate to its Members' Agent, who deals with the Managing Agent of the syndicate ('the Managing Agent'). The Managing Agents of the syndicates are therefore responsible for determining the insurance transactions to be recognised by the Company. The only exception to this rule is the level of provision for outstanding claims on open or run-off years of account of syndicates. These provisions are determined by the directors of the Company.

(c) Sources of data

The information used to compile the technical account and the 'syndicate' balance sheet is based on returns prepared for this purpose by the Managing Agents of each syndicate ('the Returns'). These Returns have been subject to audit by the syndicate auditors and are based on the audited syndicate returns to Lloyd's and the audited annual reports to syndicate members. This base data has been adjusted as necessary to reflect the differences in preparation between syndicate annual reports and financial statements in accordance with Schedule 9A to the Act.

The format of the Returns has been established by Lloyd's and Lloyd's has also been responsible for collating the data at a syndicate level and analysing it into corporate member level results.

The Returns cover the 12 months to 31 December.

**Notes to the Financial Statements
continued**

2. Accounting policies

(a) Basis of accounting for underwriting results

All classes of insurance business written are accounted for on a three year funded basis because it is the basis most similar to that followed by the syndicates. The nature of the information Managing Agents can make available is insufficient for the company to make reliable estimates of the necessary technical provisions on an annual basis of accounting. Under the three year funded basis followed by the Company, the excess of premiums written and attributable net investment return over claims and expenses paid in respect of contracts beginning in an accounting period ('the underwriting year') is carried forward as a technical provision until the end of the third year from the inception of the underwriting year. Consequently, no profit is recorded in respect of an underwriting year until that time at the earliest. Profit is only recognised if a syndicate has been able to effect a 'reinsurance to close' (see (e) below) in respect of that underwriting year.

If in an underwriting year a loss is expected to be made, the loss is recognised as soon as it is foreseen by increasing the technical provision to make it sufficient to meet present liabilities and anticipated future claims and expenses.

(b) Premiums

Premiums written comprise the total premiums receivable for the whole period of cover provided by contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in previous years.

Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax.

Gross premiums written may include 'reinsurance to close' premiums receivable. See (e) below for further details.

Premiums written by a syndicate may also include the reinsurance of other syndicates in which the Company participates. No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' claims) to remove this intersyndicate reinsurance.

(c) Claims incurred

Claims incurred include the costs of claims handling expenses. Recoverable amounts arising out of subrogation or salvage are deducted from the cost of claims. Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessment of claims from previous years differs from the provision at the beginning of the year. For further details of 'reinsurance to close' payable, which is included in claims incurred, see (e) below.

Notes to the Financial Statements
continued

2 Accounting policies continued

(d) Provision for claims

Provision is made for claims incurred but not paid in respect of events during the year to 31 December. The provision includes the amounts required to ensure neither a profit nor a loss is recognised before the end of the third year under the three year funded basis of accounting, see 1(b).

The provision has been increased as appropriate by the Directors to the extent that deficits are anticipated on underwriting years at the 12 and 24 months stage or on underwriting years not closed at the 36 month stage at the balance sheet date.

In deciding whether any such additional provision is necessary syndicate participations have been considered in aggregate as each year's Lloyd's underwriting is managed together.

Any additional provision is determined by Directors.

(e) Reinsurance to close

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's syndicates. Under it, underwriting members (the reinsured members) who are members of a syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another syndicate for a later year of account (the reinsuring members) that the reinsuring members will indemnify, discharge or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that syndicate and allocated to the closed year in consideration of:

- a) a premium; and
- b) either
 - i) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurances and other monies receivable in connection with that insurance business); or
 - ii) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefit so far as they are not applied in discharge of the liabilities of the reinsured members.

Where the reinsurance to close is between members on successive years of account of the same syndicate, the Managing Agent has a duty to ensure both groups of members are treated equitably and to set the reinsurance to close with the intention that neither a profit nor a loss accrues to either group.

To the extent that the Company participates on successive years of account of the same syndicate and there is a reinsurance to close between those years, the Company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

**Notes to the Financial Statements
continued**

2 Accounting policies continued

(e) Reinsurance to close continued

If the Company has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the Company has assumed a greater proportion of the business of the syndicate. If the Company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of reinsurance to close paid. This reflects the reduction in the company's exposure to risks previously written by the syndicate.

The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims.

In the opinion of the directors, the chances of the reinsurance security failing are remote and, since payment of a reinsurance to close is conventionally considered as terminating a reinsured member's participation on a syndicate year of account, it is treated for accounts purposes as settling the company's gross liabilities arising out of the corresponding participation on the year of account closed.

(f) Investments

Investments are treated as sold and repurchased at each 31 December in recognition of the annual venture nature of participation on a syndicate. Their cost is therefore their market value at that date.

(g) Investment income

Investment income comprises interest receivable and dividends received plus realised gains on the disposal of investments. Realised gains and losses arise from the difference between proceeds and cost.

The realised gains reported by Syndicates are net of any realised losses.

All investment income net of realised losses arising on syndicate participations is allocated to the technical account. Other investment income is attributable to the non-technical account.

(h) Investment expenses and charges

Investment expenses and charges comprise investment management expenses and losses on the realisation of investments. Realised losses arise from the difference between proceeds and cost. The realised losses reported by syndicates are net of any realised gains.

(i) Net operating expenses

Operating expenses have been charged to the underwriting year for which they were incurred. These include the company's share of syndicate operating expenses, the remuneration payable to Managing Agents, the company's Members' Agent and the direct costs of membership of Lloyd's.

Notes to the Financial Statements
continued

2 Accounting policies continued

(j) Foreign currencies

Transactions in foreign currencies other than sterling, United States dollars and Canadian dollars are translated at the rate of exchange ruling at the date the transaction is processed. Unless otherwise stated, transactions in United States dollars and Canadian dollars and assets and liabilities in currencies other than sterling are translated at the rate of exchange ruling at 31 December. Exchange differences arising on translation are dealt with in the profit and loss account.

(k) Syndicate participation rights

Where the Company has purchased the right to participate on syndicates, the cost is capitalised and amortised in equal annual instalments over 3 years. Amortisation commences at the end of the third year from the start of the Company's first underwriting year on the syndicate.

If, at any time, the directors become aware of a permanent diminution in the value of the Company's right to participate on a syndicate, the asset will be written down accordingly. If a syndicate right is sold then any related costs are offset against the disposal proceeds and any gain/loss is taken to the non-technical profit and loss account, in the same period.

(l) Taxation

The Company is taxed on its share of the underwriting results declared by syndicates and for tax purposes these are deemed to accrue evenly over the calendar year in which they are declared. The syndicate results included in these financial statements (excluding any additional provisions made by Directors) relate to the 1999 Year of Account and are declared for tax purposes in the calendar year 2002.

The Inland Revenue determines the taxable results of individual syndicates on the basis of computations submitted by the Managing Agent. At the date of approval of these financial statements, none of the syndicate taxable results have been agreed. Any adjustments that may be necessary to the tax provisions established by the Company as a result of Inland Revenue agreement of the taxable results of individual syndicates will be reflected in the financial statements of subsequent periods.

Other profits are recognised and assessable to corporation tax in the same period, after adjustment in accordance with tax legislation.

(m) Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse. One such timing difference is that between when underwriting results are reported for accounting purposes and when they are declared for tax purposes.

(n) Cashflow statement

The company is exempt from preparing a cashflow statement under FRS 1. Brit Insurance Holdings PLC, the ultimate parent company, prepares a consolidated cashflow statement.

HCG BRAVO LIMITED

Notes to the Financial Statements continued

3. (a) Segmental Information - year ended 31 December 2001

	Gross Premiums Written £'000	Gross Claims Incurred £'000	Gross Operating Expenses £'000	Reinsurance Balance £'000	Total £'000
Direct Business:					
Accident & Health	173	(152)	(36)	25	10
Motor - third party liability	410	(294)	(73)	38	81
Motor - other classes	(164)	(216)	33	261	(86)
Marine, Aviation & Transport	(152)	285	82	(641)	(426)
Fire and other Damage to Property	257	(634)	5	1,009	637
Third Party Liability	686	(684)	(285)	226	(57)
Credit and Suretyship	208	(17)	(36)	(141)	14
Legal Expenses	-	-	-	-	-
Other	(205)	99	39	(55)	(122)
Total Direct	<u>1,213</u>	<u>(1,613)</u>	<u>(271)</u>	<u>722</u>	<u>51</u>
Reinsurance Business:					
Reinsurances Acceptances	(1,066)	(618)	209	1,488	13
Reinsurance to Close	-	179	-	184	363
Total Reinsurance	<u>(1,066)</u>	<u>(439)</u>	<u>209</u>	<u>1,672</u>	<u>376</u>
Total	<u>147</u>	<u>(2,052)</u>	<u>(62)</u>	<u>2,394</u>	<u>427</u>

Included in gross claims incurred is total reinsurance to close payable of £ 15,179,195

HCG BRAVO LIMITED

Notes to the Financial Statements continued

3 (a) Segmental Information continued

	Year ended 31 December 2000				
	Gross Premiums Written £'000	Gross Claims Incurred £'000	Gross Operating Expenses £'000	Reinsurance Balance £'000	Total £'000
Direct Business:					
Accident & Health	(47)	(60)	1,033	71	997
Motor - third party liability	70	(181)	(600)	(82)	(793)
Motor - other classes	(224)	457	1,000	30	1,263
Marine, Aviation & Transport	186	1,160	(2,366)	89	(931)
Fire and other Damage to Property	(233)	(1,767)	5,100	2,168	5,268
Third Party Liability	19	(1,040)	(3,866)	261	(4,626)
Credit and Suretyship	110	116	(833)	(85)	(692)
Legal Expenses	-	-	-	-	-
Other	60	(56)	(2)	(56)	(54)
Total Direct	(59)	(1,371)	(534)	2,396	432
Reinsurance Business:					
Reinsurances Acceptances	572	(1,471)	433	(360)	(826)
Reinsurance to Close	374	(3,079)	-	1,381	(1,324)
Total Reinsurance	946	(4,550)	433	1,021	(2,150)
Total	887	(5,921)	(101)	3,417	(1,718)

Included in gross claims incurred is total reinsurance to close payable of £ 8,770,351

	31 December 2001 £'000	31 December 2000 £'000
Gross premiums in respect of direct business written in:		
United Kingdom	(1,019)	152
Other EU Member States	(1)	(60)
Rest of World	2,233	(151)
	1,213	(59)

HCG BRAVO LIMITED

Notes to the Financial Statements continued

3 (b) Movement in provisions for losses foreseen on open years

	Balance at 31 December 2000	Amounts Utilised	Amounts Unused	Additional Provisions	Balance at 31 December 2001
	£'000	£'000	£'000	£'000	£'000
1998 Account	319	-	-	130	449
1999 Account	1,856	(1,229)	(627)	-	-
Total	<u>2,175</u>	<u>(1,229)</u>	<u>(627)</u>	<u>130</u>	<u>449</u>

4. Claims Incurred, Net of Reinsurance

	31 December 2001 £'000	31 December 2000 £'000
Gross		
1997 Year of Account	-	(595)
1998 Year of Account	172	(584)
1999 Year of Account	<u>(2,224)</u>	<u>(4,742)</u>
	<u>(2,052)</u>	<u>(5,921)</u>
Reinsurance		
1997 Year of Account	-	200
1998 Year of Account	107	(929)
1999 Year of Account	<u>2,415</u>	<u>4,410</u>
	<u>2,522</u>	<u>3,681</u>
Net claims incurred	<u>470</u>	<u>(2,240)</u>

5. Net Operating Expenses

	31 December 2001 £'000	31 December 2000 £'000
Acquisition costs	(126)	73
Administrative expenses	173	312
Loss/(Profit) on exchange	14	(382)
Names' personal expenses on Lloyd's syndicates	<u>25</u>	<u>98</u>
	<u>86</u>	<u>101</u>

HCG BRAVO LIMITED

Notes to the Financial Statements continued

6. Other income

	31 December 2001 £'000	31 December 2000 £'000
Interest on Premium Trust Fund releases	8	25
Profit on exchange	-	26
	<u>8</u>	<u>51</u>

7. Other charges

	31 December 2001 £'000	31 December 2000 £'000
Auditors' remuneration - for audit services	-	-
Other	(2)	3
	<u>(2)</u>	<u>3</u>

Audit fees for the Company have been borne by Brit Insurance Holdings PLC, the ultimate holding company.

8. Taxation

	31 December 2001 £'000	31 December 2000 £'000
Corporation tax @ 30% (1999: 30%)	91	(410)
Deferred tax (see note 11)	406	360
	<u>497</u>	<u>(50)</u>

HCG BRAVO LIMITED

Notes to the Financial Statements continued

9. Financial investments

	31 December 2001 £'000	31 December 2000 £'000
Shares and other variable yield securities	1,179	1,042
Debt securities and other fixed interest securities	6,856	10,600
Loans guaranteed by mortgage	25	119
Deposits with credit institutions	481	669
Other	-	55
	<u>8,541</u>	<u>12,485</u>

10. Other debtors

	31 December 2001 £'000	31 December 2000 £'000
Other	55	56
	<u>55</u>	<u>56</u>

11. Provision for deferred taxation

	1 January 2001 £'000	Movement £'000	31 December 2001 £'000
Deferred tax	(929)	406	(523)
Represented by:			
Declared underwriting profits	(417)	29	(388)
Provision for future underwriting losses	(522)	387	(135)
Other timing differences	10	(10)	-
	<u>(929)</u>	<u>406</u>	<u>(523)</u>

At 31 December 2001, there was an unprovided deferred tax asset of £ 738,983 (31 December 2000 £ 130,443)

HCG BRAVO LIMITED

Notes to the Financial Statements continued

12. Other creditors

	31 December 2001 £'000	31 December 2000 £'000
Amounts due to group undertakings	1,301	430
Taxation	(1)	(388)
Provision for losses foreseen on open years	448	2,175
Amounts due in respect of syndicate losses	699	1,191
Other	-	1
	<u>2,447</u>	<u>3,409</u>

13. Share capital

	31 December 2001 £'000	31 December 2000 £'000
Authorised: 2,000,000 ordinary shares of £1	<u>2,000</u>	<u>2,000</u>
Allotted, issued and fully paid: 500,000 ordinary shares of £1	<u>500</u>	<u>500</u>

14. Revenue reserve

	31 December 2001 £'000	31 December 2000 £'000
Balance as at 1 January 2001/1 January 2000	(2,924)	(2,487)
Profit/(loss) retained for the financial period	555	(437)
Balance as at 31 December 2001/ 31 December 2000	<u>(2,369)</u>	<u>(2,924)</u>

15. Movement in shareholders' funds

	31 December 2001 £'000	31 December 2000 £'000
Opening shareholders' funds	(2,424)	(1,987)
Total recognised profit/(losses) for the financial period	555	(437)
Closing shareholders' funds	<u>(1,869)</u>	<u>(2,424)</u>

HCG BRAVO LIMITED

Notes to the Financial Statements continued

16. Related party transactions

The Directors have taken advantage of the exemption under FRS8 which does not require disclosure of transactions with other group companies, where the parent company prepares consolidated accounts which are publicly available.

17. Contingent liabilities

(i) Lloyd's

If any of the other corporate member subsidiaries of the Brit Insurance PLC Group ("the Group") fail to meet any of their obligations, after having called on Wren Limited (formerly Wren PLC) under its guarantees, then:

- (a) Lloyd's will be entitled to require any of the Group's subsidiaries to cease or reduce their underwriting; and/or
- (b) having regard to the fact that the Central Fund may be applied to discharge the obligations of the defaulting corporate member subsidiary, Lloyd's will be entitled to require each of the other corporate member subsidiaries of the Group to make contributions to the Central Fund up to the amount of their respective net profits held from time to time in Premiums Trust Funds, sufficient to reimburse the Central Fund in full for any payment made on behalf of the defaulting member.

At the date of these financial statements the Company is not aware of any of the other corporate member subsidiaries of the Group failing to meet any of their Lloyd's obligations.

The Company's underwriting activities were supported by a covenant from Wren Limited to pay up to £ 10,700,000 (31 December 2000: £ 9,147,917) where the Company's assets are insufficient to meet its liabilities at Lloyd's.

At the end of 1999, the Company was placed into run-off with all the underwriting capacity transferred to Brit UW Limited, a related group company. As part of the reorganisation of the Group's underwriting activities, a Group "Inter-availability scheme" to support underwriting activities for the 2000 and prior underwriting years of account has been set up. To this end the Company has made inter-available £7,982,623 of its covenant to Brit UW Limited, a fellow Group company, to support its 2000 year of account underwriting activities. The covenant is provided by Masthead Insurance Underwriting Limited.

18. Ultimate holding company

The Company regards Brit Insurance Holdings PLC, which is registered in England, as its ultimate holding company. Copies of the accounts are available from 55 Bishopsgate, London, EC2N 3AS.