



BRIT UW LIMITED

ANNUAL REPORT AND ACCOUNTS

31 DECEMBER 2000



Registered No. 03217775

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# **BRIT UW LIMITED**

## **Company Information**

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### **Directors**

N D Eckert  
J M P Welman

### **Secretary**

BRiT Group Services Ltd

### **Registered Office**

55 Bishopsgate  
London  
EC2N 3AS

### **Registered Number**

03217775

### **Auditors**

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

# **BRIT UW LIMITED**

## **Report of the Directors**

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The Directors present their report and the financial statements for the year ended 31 December 2000.

### **Principal activity and business review**

The Company is an authorised corporate member of Lloyd's. The Company has allocated premium income capacity as follows:

2001 Underwriting Year of Account	£220,734,000
2000 Underwriting Year of Account	£188,600,000

The company has allocated £130,000,000 and £220,734,000 to group managed syndicates for the 2000 and 2001 years of account respectively.

The Company's underwriting activities were supported by a covenant from its parent company to pay up to £118,738,728 where the Company's assets are insufficient to meet its liabilities at Lloyd's. The covenant is provided by Masthead Insurance Underwriting Limited.

### **Result and dividend**

The Company made a loss for the year of £5,970,000 (1999 (9 months): loss of £5,000).

No interim dividend has been declared (1999: £nil). The directors do not recommend a final dividend (1999: £nil).

### **Directors and share interests**

The names of the directors as at the date of this report are listed on page 2. P D Scales resigned on 9 October 2000.

The interests of the Directors who held office during the year 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.

### **Secretary**

J A Lynch resigned on 9 October 2000. BRiT Group Services Ltd was appointed on 16 March 2001.

# **BRIT UW LIMITED**

## **Report of the Directors continued**

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### **Statement of directors' responsibilities**

The directors are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for the year then ended. In preparing these financial statements, 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 financial statements; and
- 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 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.


### **Ultimate holding company**

The ultimate parent company is BRIT Insurance Holdings PLC.

### **Elective resolutions**

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

By Order of the Board



BRiT Group Services Ltd  
Secretary  
28 June 2001

# **BRIT UW LIMITED**

## **Independent Auditors' Report To the Shareholders of Brit Uw Limited**

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We have audited the financial statements on pages 7 to 21. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 11 to 16.

### **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.

# BRIT UW LIMITED

## Independent Auditors' Report continued

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### 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 2000 and of the loss 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  
28 June 2001

# BRIT UW LIMITED

## Technical Account – General Business Profit and Loss Account For the Year Ended 31 December 2000

	Note	Year ended 31 December 2000		9 months ended 31 December 1999	
		£'000	£'000	£'000	£'000
<b>Earned premiums, net of reinsurance:</b>					
Gross premiums written	4	193,729		-	
Outward reinsurance premiums		<u>(47,985)</u>		-	
Net premiums written			145,744		-
Change in the provision for unearned premiums		(41,275)		-	
Change in the provision for unearned premiums, Reinsurers' share		<u>8,252</u>		-	
			(33,023)		-
Allocated investment return transferred from the non-technical account			954		-
<b>Claims paid:</b>					
Gross amount	4	(19,669)		-	
Reinsurers' share		<u>4,850</u>		-	
		<u>(14,819)</u>		-	
<b>Change in the provisions for claims:</b>					
Gross amount	4	(88,574)		-	
Reinsurers' share		<u>19,960</u>		-	
		<u>(68,614)</u>		-	
<b>Claims incurred, net of reinsurance</b>	5		(83,433)		-
Net operating expenses	6		<u>(37,023)</u>		-
Balance transferred to the non-technical account			<u>(6,781)</u>		-



# BRIT UW LIMITED

## Non Technical Account Profit and Loss Account For the Year Ended 31 December 2000

		Year ended 31 December 2000	9 months ended 31 December 1999
	Note	£'000	£'000
Balance on the general business technical account		(6,781)	-
Investment income		1,405	-
Realised gains on investments		75	-
Investment expenses and charges		(9)	-
Allocated investment return transferred to the general business technical account		(954)	-
Other income	7	2,438	-
Other charges, including value adjustments	8	(1,403)	(7)
(Loss) on ordinary activities before tax		(5,229)	(7)
Tax on (loss) on ordinary activities	9	(741)	2
(Loss) on ordinary activities after tax		(5,970)	(5)
Dividends		-	-
Retained deficit for the financial period	16	(5,970)	(5)
Operating (loss) based on long term rate of investment return		(5,746)	-
Short - term fluctuations in investment return		517	-
(Loss) on ordinary activities before tax		(5,229)	-

There were no other recognised gains or losses in the period

# BRIT UW LIMITED

## Balance Sheet

As at 31 December 2000

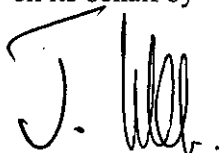
	Note	As at 31 December 2000			As at 31 December 1999		
		Corporate £'000	Syndicate £'000	Total £'000	Corporate £'000	Syndicate £'000	Total £'000
<b>Intangible assets</b>	10	2,183	-	2,183	5,066	-	5,066
<b>Fixed Asset Investments:</b>							
Financial Investments	11	-	35,311	35,311	-	-	-
Deposits with ceding undertakings		-	7	7	-	-	-
		-	35,318	35,318	-	-	-
<b>Reinsurers' Share of Technical Provisions:</b>							
Claims outstanding		-	26,407	26,407	-	-	-
<b>Debtors:</b>							
Arising out of direct insurance operations - due from intermediaries		-	36,555	36,555	-	-	-
Arising out of reinsurance operations		-	24,477	24,477	-	-	-
Other		-	3,010	3,010	-	-	-
		-	64,042	64,042	-	-	-
<b>Other Assets:</b>							
Cash at bank and in hand		-	10,637	10,637	-	-	-
Other	12	1	1,009	1,009	2	-	2
		1	11,646	11,646	2	-	2
<b>Prepayments and Accrued Income</b>		-	8,762	8,762	-	-	-
<b>Total Assets</b>		2,184	146,175	148,359	5,068	-	5,068

# BRIT UW LIMITED

## Balance Sheet continued

As at 31 December 2000				As at 31 December 1999		
Note	Corporate £'000	Syndicate £'000	Total £'000	Corporate £'000	Syndicate £'000	Total £'000
<b>Capital and Reserves:</b>						
Called up share capital	14	-	-	-	-	-
Revenue reserve	15	(5,975)	(5,975)	(5)	-	(5)
<b>Equity Shareholders' Funds</b>	16	(5,975)	(5,975)	(5)	-	(5)
<b>Technical Provisions:</b>						
Claims outstanding - gross		-	129,270	-	-	-
Provisions for losses foreseen on open years		-	-	-	-	-
		-	129,270	-	-	-
<b>Creditors:</b>						
Arising from direct insurance operations		-	3,936	-	-	-
Arising from reinsurance operations		-	17,474	-	-	-
Other creditors	13	8,159	(5,026)	5,073	-	5,073
		8,159	16,384	5,073	-	5,073
<b>Accruals and Deferred Income:</b>		-	521	-	-	-
<b>Total Liabilities</b>		2,184	146,175	5,068	-	5,068

The financial statements on pages 7 to 21 were approved by the Board of Directors on 28 June 2001 and were signed on its behalf by



J M P WELMAN  
Director

# BRIT UW LIMITED

## Notes to the Financial Statements For the year ended 31 December 2000

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### 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

### 2. Accounting policies

#### (a) Underwriting transactions managed syndicates

The results for all classes of business have been determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premium, net of reinsurance as follows:

- i) Premiums written relate to business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified, less an allowance for cancellations.
- ii) Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date.
- iii) Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.
- iv) Claims incurred comprise claims and related expenses paid in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from prior years. Where applicable deductions are made for salvage and other recoveries.
- v) Claims outstanding represent the ultimate cost of settling all claims (including direct and indirect claims settlement costs) arising from events which have occurred up to the balance sheet date, including provision for claims incurred but not yet reported, less any amounts paid in respect of those claims. Claims outstanding are reduced by anticipated salvage and other recoveries.
- vi) Unexpired risks provision: Provision is made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses after taking into account future investment return on the investments supporting the unearned premiums provision and unexpired risks provision. The expected claims are calculated having regard to events that have occurred up to the balance sheet date.

Unexpired risk surpluses and deficits are offset where business classes are managed together and a provision is made if an aggregate deficit arises.

**Notes to the Financial Statements  
continued**

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**2. Accounting policies continued**

**(b) Underwriting transactions non-managed syndicates**

**(i) Basis of information for underwriting results**

For each syndicate on which the Company participates, the Company's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the Consolidated Technical Account. Similarly, its proportion of the syndicates' assets and liabilities has been reflected in its Consolidated Balance Sheet (under the column headed '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 the syndicates' total capacity.

The managing agents of the syndicates on which the Company participates are 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 relevant subsidiaries.

The financial information used to compile the Consolidated Technical Account and the Syndicate column of the Consolidated Balance Sheet is based on returns prepared for this purpose by the managing agents of the syndicates ('the Returns'). These Returns have been audited 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 Companies Act 1985.

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 the Company's corporate members' results. The Returns cover the 12 months to 31 December 2000 with the comparative period including the Returns for the 12 months to 31 December 1999. No adjustment has been made to the Returns to reflect the fact that the Company's comparative accounting period for the nine months to 31 December 1999 was not the same period as covered by the Returns.

The balance sheet includes the Company's share of assets and liabilities of the Lloyd's syndicates on which the Company's corporate member subsidiaries participated.

**(ii) 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 provision 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 incepting 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. Profit is only recognised if a syndicate has been able to effect a reinsurance to close (see (vi) below) in respect of that underwriting year.

If an underwriting year is expected to make a loss, 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.

**Notes to the Financial Statements  
continued**

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**2. Accounting policies continued**

**(c) Underwriting transactions non-managed syndicates continued**

**(iii) Premiums**

Premiums written are stated gross of commission payable to intermediaries but exclude insurance premium tax. They relate to business incepting during the twelve months to 31 December, together with any adjustments for premiums relating to the prior year. Premiums also include estimates for pipeline premiums.

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

Premiums written by a syndicate may also include the reinsurance of other syndicates on 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 inter-syndicate reinsurance as there is insufficient information available.

**(iv) Claims incurred**

Claims incurred include the costs of claims handling expenses, but are net of recoverable amounts arising out of subrogation or salvage. Claims incurred comprise amounts paid or provided in respect of claims occurring during the twelve months to 31 December together with the amount by which settlement or reassessment of claims from prior 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 (vi) below.

**(v) Provision for claims**

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. This additional provision is determined by the directors.

In deciding whether any such additional provision is necessary, the syndicate participation for each year has been considered in aggregate as each year's Lloyd's underwriting is managed together.

**Notes to the Financial Statements  
continued**

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**2. Accounting policies continued**

**(c) Underwriting transactions non-managed syndicates continued**

**(vi) Reinsurance to close**

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.

Where the Company has increased or decreased its participation from one year of account to the next, the difference between the reinsurance to close received and the reinsurance to close paid is shown in the technical account as either gross premiums written or reinsurance premiums payable as appropriate.

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.

**d) Investments**

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

**(i) Investment return**

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 investment return is accounted for in the non-technical account. An allocation is made from the non-technical account to the general business technical account to reflect the long-term investment return on funds supporting underwriting business. The long-term investment return is an estimate of the long-term investment return for the managed and non managed syndicates having regard to past performance, current trends and future expectations.

**(ii) 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.

**Notes to the Financial Statements**  
**continued**

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**3. Other accounting policies**

**(a) Investments**

The values of financial investments are stated in the financial statements on the following basis:

- i) Listed investments are stated at closing middle market prices on recognised stock exchanges.
- ii) Unlisted investments and subsidiary undertakings are stated at cost or directors' valuation.

**(b) Syndicate participation rights**

Where the Company has purchased the right to participate on managed syndicates, the cost is capitalised and amortised in equal annual instalments over three years. Amortisation commences from the date the underwriting results are first recognised in the technical account.

Where the Company has purchased the right to participate on non-managed syndicates, the cost is capitalised and amortised in equal annual instalments over three years. Amortisation commences at the beginning 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 participation is sold any related costs are offset against the disposal proceeds and any gain or loss is taken to the Non-Technical Profit and Loss Account in the same accounting period.

**(c) 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.

**(d) 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.

**(e) Foreign currencies**

Transactions in foreign currencies other than sterling, Euro, 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 Euro, 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 of each year. Exchange differences arising on translation are dealt with in the technical account.



**Notes to the Financial Statements**  
**continued**

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**3. Other accounting policies continued**

**(f) 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 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.

**(g) 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.

**(h) 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.

# BRIT UW LIMITED

## Notes to the Financial Statements continued

### 4. Segmental Information - 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	3,996	(2,372)	(837)	(232)	555
Motor - third party liability	44,950	(19,366)	(7,221)	(1,811)	16,552
Motor - other classes	8,440	(6,614)	(2,019)	(637)	(830)
Marine, Aviation & Transport	24,777	(15,730)	(4,154)	(6,026)	(1,133)
Fire and other Damage to Property	19,486	(13,545)	(4,845)	(1,822)	(726)
Third Party Liability	26,533	(19,216)	(6,108)	(595)	614
Credit and Suretyship	1,305	(1,162)	(261)	175	57
Legal Expenses	202	(144)	(46)	28	40
Other	5,140	(2,045)	(1,183)	(952)	960
Total Direct	<u>134,829</u>	<u>(80,194)</u>	<u>(26,674)</u>	<u>(11,872)</u>	<u>16,089</u>
Reinsurance Business:					
Reinsurances Acceptances	58,900	(28,049)	(10,656)	(10,997)	9,198
Reinsurance to Close	-	-	-	-	-
Total	<u>193,729</u>	<u>(108,243)</u>	<u>(37,330)</u>	<u>(22,869)</u>	<u>25,287</u>

This result is before the change in provision for unearned premiums (gross and reinsurers' share) and investment return.

Included in gross claims incurred is total reinsurance to close payable of £ Nil

	31 December 2000 £'000	31 December 1999 £'000
Gross premiums in respect of direct business written in:		
United Kingdom	104,195	-
Other EU Member States	5,440	-
Rest of World	25,194	-
	<u>134,829</u>	<u>-</u>

# BRIT UW LIMITED

## Notes to the Financial Statements continued

### 5. Claims Incurred, Net of Reinsurance

	31 December 2000 £'000	31 December 1999 £'000
<b>Gross</b>		
2000 Year of Account	(108,243)	-
<b>Reinsurance</b>		
2000 Year of Account	24,810	-
<b>Net incurred claims</b>	<u>(83,433)</u>	<u>-</u>

### 6. Net Operating Expenses

	31 December 2000 £'000	31 December 1999 £'000
Acquisition costs	23,647	-
Administrative expenses	8,538	-
Loss on exchange	7	-
Names' personal expenses on Lloyd's syndicates	4,831	-
	<u>37,023</u>	<u>-</u>

### 7. Other income

	31 December 2000 £'000	31 December 1999 £'000
Sale of Syndicate capacity	<u>2,438</u>	<u>-</u>

### 8. Other charges

	31 December 2000 £'000	31 December 1999 £'000
Amortisation of cost of capacity	1,358	-
Auditors' remuneration - for audit services	-	-
Other	45	-
	<u>1,403</u>	<u>-</u>

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

# BRIT UW LIMITED

## Notes to the Financial Statements continued

### 9. Taxation

	31 December 2000 £'000	31 December 1999 £'000
Corporation tax @ 30% (1999: 30%)	<u>741</u>	<u>-</u>

### 10. Intangible Assets

	31 December 2000 £'000	31 December 1999 £'000
Balance as at 1 January	5,066	-
Additions	554	5,066
Disposals	(4,517)	-
Profit arising on disposal of capacity	2,438	-
Amortisation	(1,358)	-
Balance as at 31 December 2000	<u>2,183</u>	<u>5,066</u>

Intangible assets are the purchase costs of the Company's participations in certain Lloyd's syndicates.

### 11. Financial Investments

	31 December 2000 £'000	31 December 1999 £'000
Shares and other variable yield securities	3,212	-
Debt securities and other fixed interest securities	27,024	-
Loans guaranteed by mortgage	94	-
Deposits with credit institutions	4,881	-
	<u>35,311</u>	<u>-</u>

### 12. Other debtors

	31 December 2000 £'000	31 December 1999 £'000
Other	<u>1</u>	<u>2</u>

# BRIT UW LIMITED

## Notes to the Financial Statements continued

### 13. Other creditors

	31 December 2000 £'000	31 December 1999 £'000
Amounts due to group undertakings	1,141	5,073
Taxation	739	-
Trade creditors	6,264	-
Other	15	-
	<u>8,159</u>	<u>5,073</u>

### 14. Share capital

	31 December 2000 £	31 December 1999 £
Authorised: 1,000 ordinary shares of £1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid: 2 ordinary shares of £1	<u>2</u>	<u>2</u>

### 15. Revenue reserve

	31 December 2000 £'000	31 December 1999 £'000
Balance as at 1 January 2000	(5)	-
Loss retained for the financial period	(5,970)	(5)
Balance as at 31 December 2000	<u>(5,975)</u>	<u>(5)</u>

### 16. Movement in shareholders' funds

	31 December 2000 £'000	31 December 1999 £'000
Opening shareholders' funds	(5)	-
Total recognised (losses) for the financial period	(5,970)	(5)
Dividends	-	-
Closing shareholders' funds	<u>(5,975)</u>	<u>(5)</u>

**Notes to the Financial Statements**  
**continued**

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**17. 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.

**18. Contingent Liabilities**

Lloyd's

If any of the other corporate member subsidiaries of the Group fail to meet any of their obligations, after having called on Wren Limited 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 are supported by a corporate interavailability arrangement whereby the sixteen corporate members, within the BRIT Insurance Holdings PLC group who ceased underwriting on 31 December 1999, donated a total of £118,738,728 where the company's assets are insufficient to meet its liabilities at Lloyd's.

The covenant is provided by Masthead Insurance Underwriting Limited

**19. Ultimate Holding Company**

The Company regards BRIT Insurance Holdings PLC, which is registered in England, as its ultimate holding company. Copies of BRIT Insurance Holdings PLC accounts can be obtained from 55 Bishopsgate, London, EC2N 3AS.