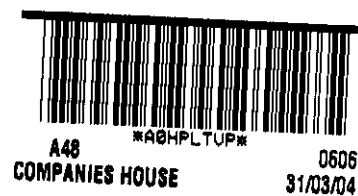


**Admiral Syndicate Management Limited**

**Directors' Report and Financial  
Statements**

Registered number 3877606

31 December 2003



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## **Directors and advisers**

### **Directors**

H A Engelhardt  
D G Stevens  
A C Probert  
A J Keys \*  
R M Brick \*  
S D Clarke  
D J Cooper  
S J Morgan (Appointed 7/01/03)

\* = *non executive*

### **Secretary**

D J Cooper

### **Auditor**

KPMG Audit Plc  
Marlborough House  
Fitzalan Court  
Cardiff  
CF24 0TE

### **Registered office**

Capital Tower  
Greyfriars Road  
Cardiff  
South Glamorgan  
CF10 3AZ

### **Bankers**

Lloyds TSB  
113-116 Leadenhall Street  
London  
EC3 4AX

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

### **Principal activities and review of business**

The Company, which is a wholly owned subsidiary of Admiral Group Limited ("AGL"), manages Syndicate 2004, as agent for the sole capital provider to that syndicate – Admiral Syndicate Limited ("ASL"), another sister company within the Admiral Group.

Following the decision to cease writing new business in Lloyd's from 31 December 2002, Syndicate 2004 went into run-off with effect from that date. The Company will manage the run-off of the Syndicate until all underwriting years have been closed or novated.

Another sister company, Admiral Insurance Services Limited ("AISL") carries on the underwriting and claims handling functions on behalf of Syndicate 2004 and other third party insurers. AISL also employs all the staff involved in the Company's business, except for the non-executive directors who are directly employed by the Company (refer to notes 3 and 4).

The business has performed within the expectations of the directors.

### **Results and dividends**

The profit for the year after tax, but before dividends amounted to £104,000 (2002: £78,000). An interim dividend of 37.5p per share (2002: 50p) has been paid during the year.

### **Share capital**

Details of authorised and called up share capital are shown in note 9.

### **Fixed assets**

The company does not own fixed assets directly.

### **Directors and their interests**

The directors of the company who held office during the year and following the year end are set out on page 1. The directors have no interest in the share capital of the Company. Directors' interests in the share capital of the immediate and ultimate holding company, AGL, are shown in that company's accounts.

## **Directors' report** *(continued)*

### **Auditor**

KPMG Audit Plc has expressed willingness to be reappointed as auditor. Pursuant to S386 of Companies Act 1985 (as amended), the Company has passed a resolution dispensing with the obligation to appoint auditors annually.

By order of the Board



**S D Clarke**  
*Director*

Capital Tower  
Greyfriars Road  
Cardiff  
South Glamorgan  
CF10 3AZ

24 February 2004

## 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 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;
- state whether applicable accounting standards have been applied, subject to any material departure disclosed and explained in the accounts; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG Audit Plc

Marlborough House  
Fitzalan Road  
Cardiff  
CF24 0TE  
United Kingdom

### **Report of the independent auditors to the members of Admiral Syndicate Management Limited**

We have audited the financial statements on pages 6 to 11.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you 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.

#### **Basis of audit 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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

24 March 2004

**Profit and loss account**  
*for the year ended 31 December 2003*

	<i>Note</i>	<b>2003</b> <b>£'000</b>	<b>2002</b> <b>£'000</b>
<b>Turnover</b>	<i>2</i>	<b>400</b>	<b>550</b>
Administrative expenses		<b>(297)</b>	<b>(484)</b>
<b>Operating profit</b>	<i>5</i>	<b>103</b>	<b>66</b>
Interest receivable		<b>20</b>	<b>38</b>
<b>Profit on ordinary activities before taxation</b>		<b>123</b>	<b>104</b>
Tax on profit on ordinary activities	<i>6</i>	<b>(19)</b>	<b>(26)</b>
<b>Profit for the financial year after taxation</b>		<b>104</b>	<b>78</b>
Dividends		<b>(150)</b>	<b>(200)</b>
<b>Retained loss for the year</b>	<i>10</i>	<b>(46)</b>	<b>(122)</b>

All results are derived from continuing operations.

A statement of total recognised gains and losses has not been prepared as there are no recognised gains or losses for either period other than as stated in the profit and loss account.

The notes on pages 8 to 11 form an integral part of these accounts.

**Balance sheet**  
*at 31 December 2003*

	<i>Note</i>	<b>2003</b> <b>£'000</b>	<b>2002</b> <b>£'000</b>
<b>Current assets</b>			
Debtors	7	101	-
Cash at bank and in hand		446	923
		<hr/>	<hr/>
		547	923
		<hr/>	<hr/>
<b>Current liabilities</b>			
Creditors – amounts falling due within one year	8	(105)	(435)
		<hr/>	<hr/>
<b>Net current assets</b>		442	488
		<hr/>	<hr/>
<b>Net assets</b>		442	488
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	9	400	400
Profit and loss account	10	42	88
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		442	488
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 24 February 2004 and were signed on its behalf by:



**S D Clarke**  
*Director*

## Notes

*(forming part of the financial statements)*

### 1 Basis of preparation of the annual report

These financial statements are prepared in accordance with applicable Accounting Standards and with the historical cost convention. The following accounting policies have been applied consistently in dealing with items which are considered material to the Company's financial statements.

#### *Deferred taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

### 2 Turnover

Turnover is attributable to the Company's activities as an underwriting agent at Lloyd's and comprises managing agency fees charged to the managed syndicate.

All turnover arises on activities within the United Kingdom.

### 3 Employees

All staff involved in the Company's business, except for the non-executive directors are employed by its sister company, AISL. Thus, while it has a full complement of directors, only the non-executive directors are directly employed by the Company.

The costs incurred in respect of these employees are disclosed within the financial statements of AISL, which is registered in England and Wales. The financial statements of this company can be obtained from the registered office at Capital Tower, Greyfriars Road, Cardiff, CF10 3AZ.

### 4 Directors

As described in note 3, only the non-executive directors are employed directly by the Company. Their combined remuneration amounted to £49,000 (2002: £94,000). In addition, AISL charged £212,000 (2002: £102,000) for the services of other directors to the Company.

## Notes (continued)

### 5 Operating profit

Operating profit is stated after charging:

	2003 £'000	2002 £'000
Auditors remuneration		
Statutory audit	1	6
Other services	-	-
	<u>          </u>	<u>          </u>

### 6 Tax on profit on ordinary activities

	2003 £'000	2002 £'000
UK Corporation tax at 19% (2002: 20%)	7	10
Group relief received	26	16
Tax over-provided in previous years	(14)	-
	<u>          </u>	<u>          </u>
	19	26
	<u>          </u>	<u>          </u>

The group company surrendering tax losses is AGL (2002: AGL). The inter-company balance reflects the tax value of the surrendered loss.

There was no provided or unprovided deferred tax at either year-end.

There is no material difference between the current tax charge per the profit and loss account (being the sum of the Corporation tax and group relief figures above) and profit before tax multiplied by the standard rate of tax.

### 7 Debtors

	2003 £'000	2002 £'000
Owed by fellow group companies:		
-Admiral Syndicate Limited	100	-
Other debtors	1	-
	<u>          </u>	<u>          </u>
<b>Total – all due within one year</b>	<b>101</b>	<b>-</b>
	<u>          </u>	<u>          </u>

## Notes (continued)

### 8 Creditors – amounts falling due within one year

	2003 £'000	2002 £'000
Corporation Tax	7	32
Amounts owed to fellow group companies:		
Admiral Group Limited	25	216
Admiral Insurance Services Limited	73	183
Accruals	-	4
	<u>105</u>	<u>435</u>

### 9 Called up share capital

	2003 £'000	2002 £'000
Authorised, allotted and fully paid 400,000 ordinary £1 shares	400	400

### 10 Reconciliation of movement in shareholders' funds

	Issued share capital £'000	Profit & loss Account £'000	Total £'000
At 31 December 2002	400	88	488
Retained loss for the year	-	(46)	(46)
At 31 December 2003	<u>400</u>	<u>42</u>	<u>442</u>

### 11 Capital commitments

The Company does not hold fixed assets, and as such there are no capital commitments.

### 12 Cashflow statement

The directors have relied upon the exemption conferred in Financial Reporting Standard 1 (revised 1996) 'Cash Flow Statements', on the grounds that the Company is a subsidiary of Admiral Group Limited ("AGL"), and the cashflows of the Company are included in the consolidated financial statements of AGL. Accordingly, no cashflow statement has been produced in these financial statements.

## **Notes (continued)**

### **13 Group accounts**

The Company's accounts are included within the group financial statements of Admiral Group Limited ("AGL"), a company registered in England & Wales. Group financial statements can be obtained from the Company Secretary at the registered office, Capital Tower, Greyfriars Road, Cardiff, CF10 3AZ.

### **14 Parent undertaking**

The Company's immediate and ultimate parent undertaking is AGL, a company registered in England & Wales. The registered office is set out in note 13.

### **15 Related parties**

The directors have relied upon the exemption conferred in Financial Reporting Standard 8 'Related Party Disclosures', on the grounds that the Company is a subsidiary of AGL. Accordingly, no transactions with group companies are disclosed within these financial statements.