

Delian Lambda Limited

Annual Report & Financial Statements

31 December 2001

Registered Number: 2852888

Registered Office:
St. Helen's
1 Undershaft
London
EC3A 8ND



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Directors and officers

Directors

R A Hextall
J leT Illingworth
C E L Philipps
J L Stace

Secretary

C C T Pender

Registered Office

St. Helen's
1 Undershaft
London
EC3A 8ND

Auditors

Deloitte & Touche
Stonecutter Court
1 Stonecutter Street
London
EC4A 4TR

Directors' report for the year ended 31 December 2001

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Principal activities

The Company's business has been to act as a Corporate Member of Lloyd's, underwriting insurance business for its own account. The Company has not underwritten since the 1996 year of account.

The Company is a wholly owned subsidiary of AUT Holdings Limited (formerly Angerstein Underwriting Holdings Limited), itself a wholly owned subsidiary of Amlin plc.

Results and dividends

The profit before tax of the Company for the year ended 31 December 2001 amounted to £58,642 (2000: £138,477), full details of which are set out in the profit and loss account on page 7 and the related notes.

The directors recommend that a dividend of £nil be paid (2000: £nil).

Directors and officers

The current directors of the Company, who served throughout the year ended 31 December 2001, are shown on page 2.

The following director has resigned since the year-end:

<u>Name</u>	<u>Date of resignation</u>
N L Crawford Smith	14 January 2002

Directors' interests

The following directors, and their related parties, held the following shares and share options in Amlin plc:

	<u>Participation in Amlin plc as at</u> <u>1 January 2001</u>			<u>Participation in Amlin plc as at</u> <u>31 December 2001</u>		
	<u>No. of</u> <u>shares</u>	<u>No. of</u> <u>executive</u> <u>share options</u>	<u>No. of</u> <u>Sharesave</u> <u>options</u>	<u>No. of</u> <u>shares</u>	<u>No. of</u> <u>executive</u> <u>share options</u>	<u>No. of</u> <u>Sharesave</u> <u>options</u>
J leT Illingworth	34,198	524,414	11,264	34,198	594,414	11,264

Mr Crawford Smith is a director of CBS Private Capital Limited, which has a contract to supply Lloyd's advisory services to the Amlin group.

Messrs Hextall, Philipps and Stace, who were directors of the Company throughout the year and were directors of Amlin plc as at 31 December 2001, held shares and share options in Amlin plc, which are disclosed in the consolidated financial statements of that company.

Other than the above, the directors did not hold any shares or debentures in any group controlled companies nor have a material interest in any contract with the Company at any time during the year.

Directors' report for the year ended 31 December 2001

Auditors

Pursuant to s386 Companies Act 1985, an elective resolution was passed on 16th July 1999 dispensing with the requirement to appoint auditors annually. Therefore, Deloitte & Touche are deemed to continue as auditors.

By Order of the Board



C C T Pender
Secretary
St. Helen's
1 Undershaft
London
EC3A 8ND

27 June 2002

Statement of directors' responsibilities

United Kingdom 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 as at the end of the financial year 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;
- state whether the applicable accounting standards have been followed; 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the independent auditors to the member of Delian Lambda Limited

We have audited the financial statements of Delian Lambda Limited for the year ended 31 December 2001, which comprise the profit and loss account, the balance sheet and related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 1985. We also report 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 directors' report for the above year and consider the implications for our report if we become aware of any misstatements.

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.

Opinion

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



Deloitte & Touche
Chartered Accountants and Registered Auditors
Stonecutter Court
1 Stonecutter Street
London
EC4A 4TR
27 June 2002

Profit and loss account

For the year ended 31 December 2001

	Notes	2001 £000	2000 £000
Technical Account – general business			
Investment income		-	10
		<u>-</u>	<u>10</u>
Net operating income	3	55	128
		<u>55</u>	<u>138</u>
Balance on the technical account for general business			
Other investment income		3	-
Other charges		-	-
		<u>3</u>	<u>-</u>
Profit on ordinary activities before taxation	4	58	138
Tax charge on profit on ordinary activities	5	(88)	(327)
		<u>(88)</u>	<u>(327)</u>
Retained profit for the financial year		(30)	(189)

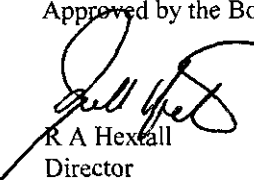
The profit and loss account relates entirely to the movements on discontinued underwriting activities. This Lloyd's corporate member has not underwritten since the 1996 year of account..

There are no recognised gains or losses in either the current year or previous period other than those included in the profit and loss account and therefore no statement of total recognised gains and losses is presented.

Balance sheet**At 31 December 2001**

	Notes	2001 £000	2000 £000
Assets			
Debtors			
Other debtors	7	<u>797</u>	<u>521</u>
		797	521
Other assets			
Cash at bank		<u>-</u>	<u>-</u>
Total assets		<u>797</u>	<u>521</u>
Liabilities			
Capital and reserves:			
Called up share capital	8	400	400
Profit and loss account	9	<u>(737)</u>	<u>(707)</u>
Equity shareholders' deficit	10	<u>(337)</u>	<u>(307)</u>
Provision for other risks and charges:			
Deferred tax provision	11	17	42
Creditors:			
Other creditors including tax and social security	12	1,105	731
Accruals and deferred income		12	55
Total liabilities		<u>797</u>	<u>521</u>

Approved by the Board of Directors on 27 June 2002 and signed on its behalf by:



R A Hexall
Director

Notes to the accounts for the year ended 31 December 2001

1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention and in accordance with Section 255 of, and Schedule 9A to, the Companies Act 1985.

Under Financial Reporting Standard No.1 (revised) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated cash flow statement.

As the Company is a wholly owned subsidiary within the group headed by Amlin plc, the Company has taken advantage of the exemption contained in Financial Reporting Standard No. 8. It has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Amlin plc can be obtained from St Helen's, 1 Undershaft, London EC3A 8ND.

As described in the directors' report, the directors have formed a judgement, at the time of approving the financial statements, that it is appropriate to adopt the going concern basis in preparing the financial statements.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Deferred tax

Deferred tax is provided for on timing differences between the accounting and tax treatment of certain items of revenue and expense to the extent that it is probable that a liability will arise or that an asset will be realised in the foreseeable future. Deferred tax is provided at the rate at which it is expected to crystallise.

Taxation

The charge for taxation is based on the profit for the year and takes into account the effect of timing differences between the accounting and tax treatment of certain items of revenue and expense to the extent that it is probable that a liability will arise or that an asset will be realised in the foreseeable future.

Advance corporation tax recoverable by deduction from future corporation tax is carried forward within deferred taxation or as ACT recoverable within debtors as appropriate.

Investments

Investment income is a result of amounts due to the Company from the distribution accounts of the 1996 and prior years of account. In addition there is income from banks.

Refund of Special Contribution

Refunds of the special contributions made towards the 1996 Lloyd's market settlement are being repaid, subject to the approval of the Council of Lloyd's, broadly in instalments equal to the Company's contributions to the Central Fund commencing with the 1997 year of account. Refunds of the special contributions are treated as deferred income and have been recognised in the year ended 31 December 2001, to the extent that they represent the results of the 1998 Lloyd's year of account.

Notes to the Accounts for the year ended 31 December 2001

3 Net operating income

	2001 £'000	2000 £'000
Syndicate exchange differences	-	(3)
Refund of member's special contribution	55	131
	<u>55</u>	<u>128</u>

4 Profit on ordinary activities before taxation

In both the current and prior year the Company has no employees and no directors' fees have been paid. Auditors' remuneration has been borne by Amlin plc, the Company's parent in both the current and prior year.

5 Tax charge on profit on ordinary activities

(a) Analysis of tax charge in period

	2001 £'000	2000 £'000
Current tax:		
UK corporation tax on profits of the period (see note (b))	42	84
Adjustment in respect of previous periods	88	131
Overseas tax suffered	2	-
Irrecoverable overseas tax	(19)	159
Total current tax (see note (b))	<u>113</u>	<u>374</u>
Deferred tax:		
On timing differences	(25)	(47)
Total deferred tax	<u>(25)</u>	<u>(47)</u>
Tax charge on profit on ordinary activities	<u>88</u>	<u>327</u>

Notes to the Accounts for the year ended 31 December 2001

5 Tax charge on profit on ordinary activities (*continued*)

(b) Factors affecting the tax charge for the period

The tax assessed for the period is higher/lower than the standard rate of corporation tax in the UK (30% for 2001 and for 2000). The differences are explained below:

	2001 £'000	2000 £'000
Profit on ordinary activities before taxation	58	138
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 30% (2000: 30%)	18	42
Timing differences		
Net change between 1997 and 1998 technical result	25	47
Permanent differences		
Other permanent differences	(1)	(5)
Tax charges not related to this period		
Adjustments in respect of previous periods	88	131
Irrecoverable overseas tax	(19)	159
Overseas tax suffered	2	-
Total current tax charge (see note (a))	113	374

(c) Factors that may affect future tax charges

Deferred tax has been provided in full on unrelieved trading losses carried forward at 31 December 2001 as well as on the 1999 year of account result and technical loss provisions on the basis that current forecasts indicate that there will be sufficient future profits to utilise in full the taxable losses represented by these amounts. If this is not the case then appropriate adjustments will be made to the tax charge in future years.

The Inland Revenue has introduced final regulations to give effect to the General Insurance Reserves provisions contained in the Finance Act 2000. The company falls within the remit of these regulations by virtue of its greater than 4% participation on the Amlin syndicate 2001. The tax charge for this period contains no adjustment in respect of any notional taxable charge or deduction as calculated under the regulations as any such adjustment would be immaterial at this stage.

6 Dividends

The directors recommend that no final dividend be paid (2000:Nil).

Notes to the Accounts for the year ended 31 December 2001

7 Other debtors

	2001 £000	2000 £000
Amounts owed by parent and group undertakings	393	347
Corporation tax recoverable	404	123
Overseas tax recoverable	-	51
	<u>797</u>	<u>521</u>

8 Called up share capital

	2001		2000	
	Authorised £'000	Called up, allotted and fully paid £'000	Authorised £'000	Called up, Allotted and Fully paid £'000
Fully paid Ordinary Shares at £1 each	<u>400</u>	- <u>400</u>	<u>400</u>	<u>400</u>

9 Profit and loss account

Movements during the year were:

	2001 £000	2000 £000
At 1 January 2001	(707)	(518)
Retained loss for the financial year	(30)	(189)
At 31 December 2001	<u>(737)</u>	<u>(707)</u>

10 Reconciliation of movements in shareholders' deficit

	2000 £000	2000 £000
Loss for the financial year	(30)	(189)
Opening shareholders' deficit	(307)	(118)
Closing shareholders' deficit	<u>(337)</u>	<u>(307)</u>

11 Deferred tax provision

	2001 £'000	2000 £'000
On 1999 year of account underwriting result	17	42
Deferred tax provision at 31 December	<u>17</u>	<u>42</u>
Provision at start of period	42	
Deferred tax credit in the profit and loss account for the period (note [5])	(25)	
Provision at the end of the period	<u>17</u>	

Notes to the Accounts for the year ended 31 December 2001

12 Other creditors including taxation and social security

	2001 £000	2000 £000
Amounts falling due within one year:		
Amounts owed to parent and subsidiary undertakings	720	731
UK Corporation Tax	385	-
	<u>1,105</u>	<u>731</u>

13 Contingencies

Following the settlement of the discounting dispute with the Inland Revenue with regards to the taxation of the reinsurance to close premiums revised computations have been submitted to the Inland Revenue incorporating agreed taxable results for the 1994, 1995 and 1996 years of account and double tax relief claims for US first level income tax suffered in respect of the 1994, 1995 and 1996 years of account. The revised computations have been agreed by the Inland Revenue in respect of these amendments, the tax effect of which have been reflected in these accounts.

14 Parent Company

The Company's immediate parent company and the smallest group into which it is consolidated is AUT Holdings Limited (formerly Angerstein Underwriting Holdings Limited) which is incorporated in Great Britain and registered in England and Wales. The Company's ultimate parent company and controlling party is Amlin plc a company incorporated in Great Britain and registered in England and Wales which is the largest group in which the results of the Company are consolidated. The consolidated accounts of Amlin plc are available to the public and may be obtained from St Helen's, 1 Undershaft, London, EC3A 8ND.