Delian Lambda Limited

Report and Accounts

Period ended 31 December 1998

Company No: 2852888

CONTENTS

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Delian Lambda Limited will be held at One Whittington Avenue, London EC3V 1PH on Friday 16 July 1999 at 10.19am to consider and, if thought fit, pass the following resolutions:

ORDINARY RESOLUTIONS

1. That the Report and Accounts for the period to 31 December 1998 be approved.

2. That KPMG Audit Plc be reappointed as Auditors and that the Directors be authorised to determine their remuneration.

ELECTIVE RESOLUTIONS

The following resolutions are proposed as Elective Resolutions pursuant to section 379A of the Companies Act 1985:

1. That pursuant to Section 252 of the Companies Act 1985, the company hereby elects to dispense with the laying of accounts and reports before the company in general meeting.

2. That pursuant to Section 366A of the Companies Act 1985, the company hereby elects to dispense with the holding of annual general meetings in 2000 and subsequent years.

3. That pursuant to Section 386 of the Companies Act 1985, the company hereby elects to dispense with the obligation to appoint auditors annually.

By Order of the Board,

C C T Pender
Company Secretary
23 June 1999

A member who is entitled to attend and vote at this meeting is entitled to appoint a Proxy to attend and, on a poll, to vote on his/her behalf. Such Proxy need not be a member of the Company. Completion of a Form of Proxy will not prevent a Shareholder from attending the meeting and voting in person.

No Director has a contract of service with the Company.

Corporate Information

Directors

JL Stace (Chairman)
DIJ Herbert
J leT Illingworth
CEL Philipps

Secretary

CCT Pender

Registered Office

One Whittington Avenue
London
EC3V 1PH

Bankers

Coutts & Co
Robarts' Office
15 Lombard Street
London EC3V 9AU

Solicitors

Linklaters
One Silk Street
London EC2Y 8HQ

Auditors

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

Report of the Directors

Results and dividends

The Directors submit their report together with the Accounts of the Company for the seven month period ended 31 December 1998.

The profit/(loss) for the period was £1,257,815 (year to 31 May 1998: (£796,087)). The Directors recommend a dividend of £nil (year to 31 May 1998: £nil).

Principal activity and status

The object of the Company is to act as a corporate Member of Lloyd's, underwriting insurance business for its own account.

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

Business review

The Company commenced its participation at Lloyd's on 1 January 1994. A review of the activities and results of the Amlin Group is given in the Report and Accounts of Amlin plc for the period ended 31 December 1998.

The Company ceased underwriting at Lloyd's with effect from the end of the 1996 year of account and, as at the period end, all of the accounting periods of the syndicates on which the Company participates had closed.

Change of accounting reference date

The Company has changed its accounting reference date from 31 May to 31 December. These accounts are, therefore, presented for a seven month period.

Directors

JL Stace (Chairman)
DIJ Herbert
J leT Illingworth
CEL Philipps

No Director has a contract of service with the Company.

Directors' Interests

None of the Directors who held office at the end of the financial period had any disclosable interest in the shares of the Company.

The interests of Directors in other group companies, including executive share options are, in respect of Messrs Stace and Philipps, disclosable in the Report and Accounts of the ultimate holding company, Amlin plc.

The interests of DIJ Herbert and J leT Illingworth (including spouses) in the shares and warrants of Amlin plc were as follows:

	No. of shares held 1 June 1998	No. of shares held 31 December 1998	No. of warrants held 1 June 1998	No. of warrants held 31 December 1998
DIJ Herbert	2,487	2,487	400	400
J leT Illingworth	34,198	34,198	6,839	16,839

Report of the Directors *(continued)*

Directors' Interests *(continued)*

In addition, DIJ Herbert held the following rights to subscribe for shares in Amlin plc pursuant to executive share option schemes:

	No. of options held 1 June 1998	No. of options held 31 December 1998
– Exercisable from 30.5.2000 to 29.5.2007 at 117p per share	61,965	61,965

Similarly, J leT Illingworth held the following rights to subscribe for shares in Amlin plc pursuant to executive share option schemes:

	No. of options held 1 June 1998	No. of options held 31 December 1998
– Exercisable from 30.5.2000 to 29.5.2007 at 117p per share	205,128	205,128
– Exercisable from 29.9.2001 to 28.9.2008 at 120.5p per share	-	64,286
Total shares under option	205,128	269,414

No options held by directors were exercised during the period.

Year 2000 compliance

The Group has for some time been aware of the system implications of the change of the Millennium and has a project team in place to ensure that all the Group computer and other operating systems are Year 2000 compliant. The timetable allows for those Amlin Group systems, which have been identified as requiring an upgrade, to be made compliant well before the end of 1999, to minimise any possible exposure to the Year 2000 effect.

As well as assessing the status of the Group's computer systems, a review of significant suppliers and service providers is also being carried out. The Company's share of the Group cost is unlikely to be material.

Elective resolutions

Elective resolutions pursuant to section 379A of the Companies Act 1985 are to be proposed at the forthcoming Annual General Meeting of the Company, as set out in the Notice of Meeting being given to shareholders with this report.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board,

C C T Pender
Secretary
23 June 1999

Directors' responsibilities

The Directors are required by company law to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and the results for the period to that date. In preparing those accounts, 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 followed subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

Report of the auditor KPMG Audit Plc

TO THE MEMBERS OF DELIAN LAMBDA LIMITED

We have audited the accounts on pages 7 to 19.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 5, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 December 1998 and of its profit for the seven month period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

23 June 1999

Profit and loss account: technical account - general business

for the seven month period ended 31 December 1998

		Seven months ended 31 December 1998		Year ended 31 May 1998	
	Note	£000	£000	£000	£000
Earned premiums, net of reinsurance					
Gross premiums written	3		(164)		1,924
Outward reinsurance premiums			71		(37)
			(93)		1,887
Investment income	4		427		593
			334		2,480
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(3,608)		(5,669)	
Reinsurers' share		921		1,260	
			(2,687)		(4,409)
Change in the provision for claims					
Gross amount		6,368		2,393	
Reinsurers' share		(2,516)		(323)	
			3,852		2,070
Net operating expenses	5	(413)		(1,092)	
Investment expenses and charges		(7)		(6)	
			(420)		(1,098)
Balance on the technical account - general business			1,079		(957)

The accounts for the seven months ended 31 December 1998 includes a full year's technical account transactions as explained in note 2(a). The Company ceased underwriting at Lloyd's with effect from the 1996 year of account and, as at the period end, all of the accounting periods of the syndicates on which the Company participates had closed.

Profit and loss account: non-technical account

for the seven month period ended 31 December 1998

	Note	Seven months ended 31 December 1998 £000	Year ended 31 May 1998 £000
Balance on the general business technical account		1,079	(957)
Other charges		(4)	(2)
Profit/(loss) on ordinary activities before tax	6	1,075	(959)
Tax on profit/(loss) on ordinary activities	7	182	163
Profit/(loss) for the financial period		1,257	(796)
Dividends paid and proposed	8	-	-
Retained profit/(loss) for the financial period transferred to reserves		1,257	(796)

There were no gains or losses arising in the period or prior year, other than those recognised above.

Balance sheet

as at 31 December 1998

	Note	31 December 1998 £000	31 May 1998 £000
Assets			
Investments			
Other financial investments	9	4,722	7,049
Reinsurers' share of technical provisions			
Claims outstanding		-	1,445
Debtors			
Debtors arising out of direct insurance operations	10	192	447
Debtors arising out of reinsurance operations		768	4,252
Deferred tax debtor	16	190	79
Other debtors	11	1,121	843
		2,271	5,621
Other assets			
Cash at bank and in hand		205	587
Overseas deposits		43	85
		248	672
Prepayments and accrued income		-	6
Total assets		7,241	14,793
Liabilities			
Capital and reserves			
Called up share capital	12	400	400
Profit and loss account	13	(1,037)	(2,295)
Shareholders' funds attributable to equity interests		(637)	(1,895)
Technical provisions			
Claims outstanding	15	6,266	16,304
Provisions for other risks and charges	16	-	-
Creditors			
Creditors arising out of direct insurance operations	17	1,101	91
Creditors arising out of reinsurance operations	18	81	91
Other creditors including taxation and social security	19	126	119
		1,308	301
Accruals and deferred income		304	83
Total liabilities		7,241	14,793

Approved by the Board on 23 June 1999 and signed on its behalf by

CEL Philipps *(Director)*

Notes to the Accounts

(Forming part of the financial statements)

1 Basis of preparation

The Company accounts have been prepared in accordance with the provisions of Schedule 9A of the Companies Act 1985 and the applicable accounting standards. They have been prepared under the historical cost convention, modified to include the revaluation of investments. The relevant recommendations of the ABI SORP on accounting for insurance businesses has been adopted.

2 Accounting Policies

The accounting policies set out below have been applied consistently in dealing with items which are considered material in relation to the accounts.

(a) Underwriting activities

The results of the Company's underwriting activities are included in the technical account, which has been prepared based on the Company's share of transactions of Lloyd's syndicates on which the Company participates.

Substantially all items in the technical account result from transactions in the premium trust funds. Additionally, substantially all assets and liabilities in the balance sheet are held in the premium trust funds.

A significant amount of the information in the technical account and balance sheet is based on accounting information, in respect of the Company's Lloyd's participations, which has been provided by managing agents of the relevant syndicates and which has been audited by syndicate auditors. Lloyd's has co-ordinated the provision of this information.

Syndicate information provided by managing agents is on a calendar year basis and it is not practical to obtain figures for a part of the period. Accordingly, the figures for the period ended 31 December 1998 include syndicate transactions for the whole of calendar 1998 which comprise first, second and third year transactions on the 1998, 1997 and 1996 Lloyd's years of account respectively. The comparative figures for the year ended 31 May 1998 include syndicate transactions during calendar 1997 which comprise transactions on the first, second and third years of the 1997, 1996 and 1995 years of account respectively.

Premiums

Gross premiums written represent premiums on business incepted during the syndicates' relevant years of account together with adjustments to premiums written in previous years of account and estimates for "pipeline" premiums. Gross written premiums are stated before deduction of commissions but net of taxes, duties levied on premiums and other deductions.

Outward reinsurance premiums are accounted for in the same syndicate year as the related direct insurance or inwards reinsurance business except in relation to excess of loss contracts, where the initial premium is charged when paid.

Refund of Special Contribution

Refunds of the special contributions made towards the 1996 Lloyd's market settlement are treated as deferred income and will be recognised as profit, commencing in the year in which the results of the 1997 Lloyd's year of account is included in the Financial Statements, on the basis that the refunds 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.

Claims and technical provisions

Syndicate underwriting accounts for all classes of business are prepared on a three year basis. In accordance with Lloyd's normal practice, the excess of premiums written and syndicate investment income over the claims and syndicate expenses paid in respect of business incepting in an underwriting year is carried forward for two years in a fund, and no profit is recognised until the end of the third year following the start of each underwriting year. The fund is included as part of outstanding claims. At the end of the third year thereafter, provision is made for the estimated cost of claims notified but not settled at the balance sheet date (of each syndicate), together with the estimated costs of claims incurred but not reported at that date and claims handling costs.

Notes *(continued)*

Loss provisions

Provision is made for losses on open years of account of the Company, when it is anticipated that profits in the Company may be insufficient to meet losses. Similarly, provision is made for future deterioration of any year of account of a syndicate that has gone into run-off.

While the Directors make every effort to ensure that adequate provision is made for losses on open years of account, their view of the ultimate loss may vary in later periods as a result of subsequent information and events. This in turn may require adjustment of the original provisions. Such adjustments are reflected and disclosed in the financial statements for the period in which the related adjustments are made.

Expenses

Those expenses of the Company which relate directly to a year of account which are borne by the Company, rather than the premium trust funds, are charged to the technical account in the year in which such expenses are incurred.

(b) Investment income

Syndicate investments

Investment income and all gains and losses on syndicate investments are dealt with in the technical account. All syndicate gains and losses are treated as realised.

(c) Taxation

Deferred taxation, calculated on the liability method, is provided on items which are recognised for accounts purposes in different periods, to the extent that the liability or asset will crystallise.

(d) Premium trust fund release

Pending closure of an underwriting year of account, any amounts released from the Company's premiums trust funds, as an advance on the underwriting result of that year, are included in the balance sheet as an asset and a liability. These amounts are credited to the technical account when the relevant year of account is closed. Any interest and investment income earned on a premiums trust funds release is included in the technical account on an accruals basis.

(e) Currency translation

Syndicate assets, liabilities, income and expenditure expressed in US dollars or Canadian dollars has been translated into sterling at the rates of exchange on 31 December 1998. Underwriting transactions denominated in other foreign currencies are included at the historical rates. Differences arising on translation of foreign currency amounts in syndicates are included in the technical account.

Other assets, liabilities, income and expenditure expressed in foreign currencies have been translated at the rates of exchange at the balance sheet date unless contracts to sell currency for sterling have been entered into prior to the year end, in which case the contracted rates have been used. Gains and losses are included in the technical account.

Notes *(continued)*

3 Segmental information

The business shown in the 31 December 1998 and 31 May 1998 segmental information has all been underwritten in the Lloyd's insurance market. It has been treated as one geographical segment for the purpose of Statement of Standard Accounting Practice No. 25 "Segmental Reporting".

31 December 1998 analysis by class of business

	31 December 1998 Gross premiums written £000	31 December 1998 Gross claims incurred £000	31 December 1998 Gross operating expenses £000	31 December 1998 Reinsurance balance £000
Direct insurance				
Accident & health	4	(39)	-	17
Motor (third party liability)	151	(141)	4	63
Motor - other classes	(143)	(880)	(2)	157
Marine, aviation and transport	(31)	64	(1)	31
Fire and other damage to property	(44)	47	(3)	41
Third party liability	16	(11)	2	(734)
Credit and suretyship	(11)	(2)	-	9
Other	(1)	31	-	9
Total direct	(59)	(931)	0	(407)
Reinsurance				
Reinsurance acceptances	(105)	447	(3)	(38)
Reinsurance to close	-	1,532	-	(1,079)
Total reinsurance	(105)	1,979	(3)	(1,117)
Provisions for future syndicate losses	-	1,712	-	-
Other expenses	-	-	(410)	-
Total	(164)	2,760	(413)	(1,524)

The above table includes aggregated syndicate information in respect of calendar 1998 for the company's syndicate participations.

Notes *(continued)*

31 May 1998 analysis by class of business

	31 May 1998 Gross premiums written £000	31 May 1998 Gross claims incurred £000	31 May 1998 Gross operating expenses £000	31 May 1998 Reinsurance balance £000
Direct insurance				
Accident & health	59	6	(15)	(71)
Motor (third party liability)	(29)	(76)	(85)	73
Motor - other classes	351	(307)	(247)	88
Marine, aviation and transport	37	493	14	(47)
Fire and other damage to property	(200)	1,271	30	(469)
Third party liability	137	(1,966)	(47)	573
Credit and suretyship	137	2	(28)	(69)
Other	(224)	161	46	29
Total direct	268	(416)	(332)	107
Reinsurance				
Reinsurance acceptances	(256)	330	21	213
Reinsurance to close	1,912	(2,670)	-	580
Total reinsurance	1,656	(2,340)	21	793
Provision for future syndicate losses	-	(520)	-	-
Other expenses	-	-	(781)	-
Total	1,924	(3,276)	(1,092)	900

The above table includes aggregated syndicate information in respect of calendar 1997 for the company's syndicate participations.

4 Investment income

	Technical account	
	Seven months ended 31 December 1998 £000	Year ended 31 May 1998 £000
Income from investments	394	582
(Losses) / gains on realisation of investments	33	11
Investment income	427	593
Unrealised gains on investments	-	-
Investment management expenses	(7)	(6)
Net investment income	420	587

Investment income in the technical account includes syndicate investment income and interest earned on early releases of profits in the premium trust funds.

Notes *(continued)*

5 Net operating expenses

	31 December 1998 £000	31 May 1998 £000
Acquisition costs	(29)	231
Administrative expenses	58	5
Corporate member expenses in respect of the closed year	395	765
Lloyd's advisors' fees and commissions	4	181
Syndicate exchange differences	(15)	(90)
	413	1,092

6 Profit on ordinary activities before tax

	31 December 1998 £000	31 May 1998 £000
Profit before tax is stated after charging / crediting :		
Auditors' remuneration: audit fees	2	2
Company foreign exchange (gains) / losses	-	5

7 Taxation

	31 December 1998 £000	31 May 1998 £000
UK corporation tax at 31% (May 1998: 31%) on the profit	(83)	(80)
Irrecoverable overseas tax	12	-
Movement on deferred tax provision (see note 16)	(111)	(83)
	(182)	(163)

8 Dividends

	31 December 1998 £000	31 May 1998 £000
No dividend has been proposed	-	-
	-	-

Notes *(continued)*

9 Other financial investments

	31 December 1998 £000	31 May 1998 £000
Shares and other variable yield securities	-	68
Debt securities and other fixed income securities	4,675	6,748
Deposits with credit institutions	28	64
Early releases from premium trust fund	6	104
Deposits with ceding undertakings	-	16
Other	13	49
	4,722	7,049

Included within other financial investments are listed investments on a recognised stock exchange of £3.554 million.

10 Debtors arising out of direct insurance operations

	31 December 1998 £000	31 May 1998 £000
Amounts owed by policyholders	-	-
Amounts owed by intermediaries	192	447
Other	-	-
	192	447

11 Other debtors

	31 December 1998 £000	31 May 1998 £000
Amounts falling due within one year:		
ACT recoverable	-	157
Amounts owed by Group companies	708	583
Other debtors	413	103
	1,121	843

12 Share capital

	31 December 1998 £000	31 May 1998 £000
Authorised:		
400,000 Ordinary Shares of £1	400	400
Alloted, issued and fully paid:		
400,000 Ordinary Share of £1	400	400

Notes *(continued)*

13 Profit and loss account

	31 December 1998 £000	31 May 1998 £000
At the beginning of the period	(2,295)	(1,499)
Net (loss)/revenue retained for the period	1,258	(796)
At the end of the period	(1,037)	(2,295)

14 Reconciliation of movements in shareholders' funds

	31 December 1998 £000	31 May 1998 £000
Opening shareholders' funds	(2,295)	(1,099)
Profit/(loss) for the financial period	1,258	(796)
Dividends	-	-
Retained profit/(loss) for the financial period	1,258	(796)
Closing shareholders' funds	(1,037)	(1,895)

15 Technical provisions

	Gross provisions for outstanding claims £000	Provisions for future syndicate losses £000	Total £000
At the beginning of the period	14,592	1,712	16,304
Movement in the provision	(8,326)	(1,712)	(10,038)
At the end of the period	6,266	-	6,266

Provisions for outstanding claims are accounted for in syndicates. Provisions for future syndicate losses are made in the accounts of the company.

16 Provisions for other risks and charges

	31 December 1998			31 May 1998		
	Deferred Tax £000	Other £000	Total £000	Deferred Tax £000	Other £000	Total £000
Opening balance	(79)	-	(79)	3	115	118
Movements during the period	(111)	-	(111)	(82)	(115)	(197)
At the end of the period	(190)	-	(190)	(79)	-	(79)

Deferred tax is attributable to other timing differences.

Notes *(continued)*

17 Creditors arising out of direct insurance operations

	31 December 1998 £000	31 May 1998 £000
Amounts owed to intermediaries	1,101	91

18 Creditors arising out of reinsurance operations

	31 December 1998 £000	31 May 1998 £000
Amounts owed to intermediaries	81	91

19 Other creditors including taxation and social security

	31 December 1998 £000	31 May 1998 £000
Amounts owed to group companies	-	96
Other creditors	126	23
	126	119

20 Contingencies and Guarantees

a) A fellow subsidiary has entered into deeds of covenant in respect of the former Angerstein Group's corporate member subsidiaries to meet each such subsidiary's obligation to Lloyd's. The guarantee given by such fellow subsidiary in favour of the Company under these deeds of covenant (subject to limited exceptions) amounts to £6.250 million. The obligations under the deeds of covenant are secured by a fixed and floating charge over the investments and other assets of the Group in favour of Lloyd's. Lloyd's has the right to retain the income on the charged investments, although it is not expected to exercise this right unless it considers there to be a risk that one or more of the covenants might need to be called and, if called, might not be honoured in full.

As liability under each deed of covenant is limited to a fixed monetary amount, the enforcement by Lloyd's of any deed of covenant in the event of a default by a corporate member, where the total value of investments has fallen below the total of all amounts covenanted, may result in the appropriation of a share of the Group's funds at Lloyd's that is greater than the proportion which that subsidiary's overall premium limit bears to the total overall premium limit of the Group.

b) The Inland Revenue is reviewing the manner in which reinsurance to close premiums are calculated for the purposes of arriving at syndicate taxable profits and is seeking to discount the premiums for the time value of money. Lloyd's, along with syndicate managing agents, disagrees with the Inland Revenue's proposed approach and the matter is being tested by Commissioners. In the event that the Inland Revenue is successful there will be an additional liability in respect of the 1994, 1995 and 1996 Lloyd's years of account. No provision has been made for this potential additional tax as, at this stage, the outcome is uncertain and it is not practicable to quantify the amounts which may be involved.

c) It is uncertain to what extent the cost of Year 2000 failures will fall upon insurers as there are many complex legal issues involved which are likely only to be resolved after the event. Accordingly, whilst the Group is seeking to protect itself as far as possible, it is not possible at present to predict the impact of the Year 2000 issue on the Group's underwriting results.

Notes *(continued)*

d) A reinsurance to close (RITC) is a particular type of reinsurance contract entered into by Lloyd's syndicates whereby the members of a syndicate for a particular year of account (the closing year) agree with the members of 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 all the known and unknown liabilities of the closing year arising out of insurance business underwritten by the syndicate in the closing year of account.

In the event that a corporate member resigns from a syndicate or reduces its participation relative to the other members of the syndicate, it will make a net payment of a RITC premium. The payment of the RITC premium does not release members from ultimate responsibility for claims payable on risks they have written and, in the event that the reinsuring members were unable to pay and the other elements in the Lloyd's chain of security fail, the members would remain liable for the payment of any outstanding claims. Payment of a RITC premium is conventionally treated as settling a member's outstanding claims for the closing year and this convention has been adopted in these accounts.

There is no mechanism for the Company to account for the gross claims payments and recoveries made from the reinsuring members or to quantify the ongoing exposure in respect of closed years of account. The directors consider that the possibility of the corporate members having to reassume these liabilities is remote.

21 Company owned net assets

The assets and liabilities of the Company, as opposed to the Company's share of syndicate participations, are summarised below:

	31 December 1998 £000	31 May 1998 £000
Investments		
Other financial investments	6	104
Debtors		
Other debtors	1,299	819
Other assets		
Tangible assets	-	-
Cash at bank and in hand	7	3
Prepayments and accrued income	-	2
Total assets	1,312	928
Technical provisions		
Claims outstanding	-	(1,712)
Provisions for risks and charges	-	-
Creditors		
Other creditors including taxation and social security	(1,023)	(96)
Accruals and deferred income	(304)	(66)
Balance of syndicate assets owed to the company	(622)	(949)
	(637)	(1,895)

Notes *(continued)*

The balance of syndicate assets owed to the Company is the amount to be distributed to the Group's corporate members in respect of the 1996 Lloyd's year of account profits (year to 31 May 1998: 1995 Lloyd's year of account profits), excluding early releases and interest on such releases which have been accounted for as Company owned assets.

22 Cash flow statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

23 Related party transactions

As a wholly owned subsidiary of Amlin plc, the Company has taken advantage of the exemption in FRS 8 not to disclose details of transactions with companies which form part of the Amlin Group, other than those outlined in this note.

JL Stace, SBA Underwriting Limited (a company in which both the Amlin Group and JL Stace have interests) and other corporate member subsidiaries of the Amlin Group may have supported syndicates which are or have been supported by the Company. Additionally, those syndicates which have also been supported by JL Stace, SBA Underwriting Limited and/or other corporate member subsidiaries of the Amlin Group may enter into or may have entered into reinsurance arrangements with syndicates supported by the Company. The Amlin Group owns Lloyd's managing agencies, Amlin Underwriting Limited and Angerstein Underwriting Limited, which manage syndicates 902, 1141 and 2001. The Company may from time to time participate on these syndicates and, if it does so, it will pay fees and profit commissions to the relevant managing agency.

24 Ultimate Parent Company

The Company is a wholly owned subsidiary of Angerstein Underwriting Holdings Limited, itself a wholly owned subsidiary of Amlin plc, a listed company registered in England. The Company's figures are consolidated in the Group accounts of Amlin plc, copies of which are available at One Whittington Avenue, London, EC3V 1PH, the registered office of the Company.