

Delian Lambda Limited

Annual Report & Financial Statements

31 December 2000



Registered Number: 2852888

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

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Directors and officers

Directors

N L Crawford Smith
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 2000

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

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 Delian Underwriting Limited, itself 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 2000 amounted to £138,477 (1999: £534,236), 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 (1999: £nil).

Directors and officers

The current directors of the Company are shown on page 2.

The following director was appointed during the year:

<u>Name</u>	<u>Date of appointment</u>
R A Hextall	1 July 2000

No directors resigned during the year.

Directors' interests

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

	Amlin Shares		Amlin Warrants		Amlin Options		Sharesave Options	
	1.1.00*	31.12.00	1.1.00*	31.12.00	1.1.00*	31.12.00	1.1.00*	31.12.00
N L Crawford Smith	-	-	-	-	18,931	-	9,011	-
J le T Illingworth	34,198	34,198	16,839	-	404,414	524,414	11,264	11,264

* or date of appointment, if later.

Mr Crawford Smith's options lapsed during the relevant period following his leaving the executive employment of the Amlin Group. All of the Company's warrants lapsed on 14 September 2000.

The other directors held shares and share options in Amlin plc, and were directors of Amlin plc as at 31 December 2000, which are disclosed in the consolidated financial statements of Amlin plc.

Mr Crawford Smith is a director of CBS Private Capital Limited, which ceased to be a subsidiary of Amlin plc during the year, and which continues to have a contract to supply Lloyd's advisory services to the Amlin Group.

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 or any of its subsidiaries at any time during the year.

Directors' report

Auditors

A review of the Group's auditor arrangements was carried out during the year. A selection process was undertaken, which recommended the appointment of Deloitte & Touche to the role of both Group and syndicate auditors. Consequently KPMG Audit Plc resigned as auditors of the Company and the Board appointed Deloitte & Touche. Pursuant to Section 386 of Companies Act 1985, an elective resolution has been passed dispensing with the requirement to appoint auditors annually. In accordance with Section 386 (2) Deloitte & Touche therefore continue in office until the Company or the auditors determine otherwise.

By Order of the Board



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

14 June 2001

Statement of directors' responsibilities

United Kingdom Company law requires the directors to prepare financial statements for each accounting 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 United Kingdom 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 have 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 auditors to the member of Delian Lambda Limited

We have audited the financial statements on pages 7 to 12, which have been prepared using accounting policies as set out on page 9.

Respective responsibilities of directors and auditors

As described on page 5 the Company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

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

14 June 2001

Profit and loss account

For the year ended 31 December 2000

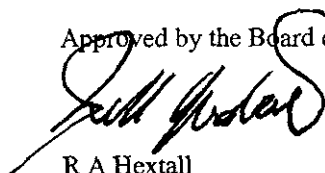
	Notes	2000 £000	1999 £000
Technical Account – general business			
Investment income from underwriting		10	9
Change in the gross provision for claims	3	-	114
Claims incurred, net of reinsurance		<u>-</u>	<u>114</u>
Net operating income	3,4	128	173
Balance on the technical account - general business		<u>138</u>	<u>296</u>
Other charges		-	238
Profit on ordinary activities before taxation	5	<u>138</u>	<u>534</u>
Tax charge on ordinary activities	6	(327)	(16)
Retained (loss)/profit for the financial year transferred (from)/to reserves		<u>(189)</u>	<u>518</u>

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 2000**

	Notes	2000 £000	1999 £000
Assets			
Debtors			
Other debtors	7	<u>521</u>	<u>999</u>
		521	999
Other assets			
Cash at bank		<u>-</u>	<u>-</u>
Total assets		<u>521</u>	<u>999</u>
Liabilities			
Capital and reserves:			
Called up share capital	8	400	400
Profit and loss account	9	<u>(707)</u>	<u>(518)</u>
Equity shareholders' deficit	10	<u>(307)</u>	<u>(118)</u>
Technical provisions:			
Provisions for other risks and charges	11	42	89
Creditors:			
Other creditors including tax and social security	12	731	855
Accruals and deferred income		55	173
Total liabilities		<u>521</u>	<u>999</u>

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



R A Hextall
Director
14 June 2001

Notes to the accounts

1 Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with Section 255 of, and Schedule 9A to, the Companies Act 1985. The financial statements have also been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost accounting rules. The Company has adopted all material recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued in December 1998 by the Association of British Insurers (“the ABI Sorp”).

Under Financial Reporting Standard 1 (revised) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that Amlin plc, a parent undertaking, includes the Company in its own published consolidated financial statements.

The Company has taken advantage of the exemption contained in Financial Reporting Standard 8 not to disclose related party transactions or balances with certain entities which form part of the Group. The consolidated financial statements of Amlin plc, within which this Company is included, can be obtained from the address shown in note 14 on page 12.

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.

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 2000, to the extent that they represent the results of the 1998 Lloyd’s year of account.

Notes to the Accounts

3 Segmental information

The following business has all been underwritten in the United Kingdom in the Lloyd's insurance market, which has been treated as one geographical segment for the purposes of Statement of Standard Accounting Practice No. 25: Segmental Reporting. Segmental information in the format required by the Companies Act 1985, so far as it is available, is as follows:

Year ended 31 December 2000

	Gross premiums written £000	Gross Claims incurred £000	Gross operating expenses £000	Reinsurance balance £000
Other net income	-	-	-	-
Total	-	-	-	-

Year ended 31 December 1999

	Gross premiums written £000	Gross Claims incurred £000	Gross operating expenses £000	Reinsurance balance £000
Other net income	-	114	173	-
Total	-	114	173	-

4 Net operating income

	2000 £000	1999 £000
Corporate member expenses in respect of the closed year	-	12
Syndicate exchange differences	(3)	-
Refund of member's special contribution	131	161
	<u>128</u>	<u>173</u>

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2000 £000	1999 £000
Audit fees	-	2

Auditors' remuneration is borne by the Amlin plc the ultimate parent Company.

The Company has no employees, no directors fees are paid. Management services are provided by the ultimate parent Company.

Notes to the Accounts

6 Tax on profit on ordinary activities

	2000 £000	1999 £000
The tax charge is based on the profit for the year and comprises:		
UK corporation tax at 30% (1999: 30.25%)	84	(266)
Prior year under provision	131	(2)
Deferred taxation	(47)	279
Irrecoverable overseas tax	159	5
	<u>327</u>	<u>16</u>

7 Other debtors

	2000 £000	1999 £000
Amounts owed by parent and group undertakings	347	324
Corporation tax recoverable	123	675
Overseas tax recoverable	51	-
	<u>521</u>	<u>999</u>

8 Called up share capital

	2000		1999	
	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:

	2000 £000	1999 £000
At 1 January 2000	(518)	(1,037)
Retained loss for the year	(189)	519
At 31 December 2000	<u>(707)</u>	<u>(518)</u>

10 Reconciliation of movements in shareholders' deficit

	2000 £000	1999 £000
(Loss)/Profit for the year	(189)	519
Opening shareholders' deficit	(118)	(637)
Closing shareholders' deficit	<u>(307)</u>	<u>(118)</u>

Notes to the Accounts

11 Provisions for liabilities and charges

	Taxation including deferred taxation £000	Total £000
At 1 January 2000	89	89
Utilised during the year	(47)	(47)
At 31 December 2000	<u>42</u>	<u>42</u>

12 Other creditors including taxation and social security

	2000 £000	1999 £000
Amounts falling due within one year:		
Amounts owed to parent and subsidiary undertakings	731	855
Other creditors	-	173
	<u>731</u>	<u>1,028</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. These revised computations have not yet been agreed by the Inland Revenue. Provision has been made in these accounts for the agreed adjustments. The revised computations will require further amendment in respect of the amount of double tax relief available for US first level income tax suffered in respect of the 1994, 1995 and 1996 years of account.

14 Parent Company

The Company's immediate parent Company is Delian Underwriting Limited which is incorporated in Great Britain and registered in England and Wales. The ultimate parent Company 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 this Company are available to the public and may be obtained from Amlin plc, St Helen's, 1 Undershaft, London EC3A 8ND.