

TIG SYNDICATE MANAGEMENT LIMITED

ANNUAL REPORT AND ACCOUNTS

DECEMBER 31, 1997

Registered No. 3223686



TIG SYNDICATE MANAGEMENT LIMITED

Directors' Report

The Directors have pleasure in submitting the first Annual Report and Accounts of the Company for the period from incorporation to December 31, 1997.

The Company was incorporated on July 11, 1996 under the name of Slipframe Design Limited and changed its name to TIG Syndicate Management Limited on August 20, 1996.

Principal Activity

The principal activity of the Company is that of a Lloyd's managing agent responsible for the management of D J Newman Syndicate 1218. Syndicate 1218, whose capacity is 100% provided by TIG Corporate Name (No.1) Limited, had a capacity of £20m for the 1997 year of account.

There are no plans for this to change.

Results

The Company does not charge a fee for managing the syndicate and so the only income during the year has been investment income on the shareholder's funds. The profit for the period after taxation amounted to £18,082. This will be retained and no dividends have been paid or proposed during the period.

Directors

NAME	DATE OF APPOINTMENT	DATE OF RESIGNATION
Alpha Direct Limited	July 11, 1996	August 20, 1996
W G Clark	August 20, 1996	February 2, 1998
S G Franks	November 18, 1996	
M W Hinkley	November 18, 1996	
D J Newman	August 20, 1996	
J R F Micklem	August 20, 1996	
R J Sharp	August 20, 1996	
R A G Jackson	August 20, 1996	

None of the Directors had any beneficial interests in the Company during the period covered by this report.

The Company secretary is M L Jephcott.

TIG SYNDICATE MANAGEMENT LIMITED

Directors' Report (continued)

Statement of directors' responsibilities

Company law requires the directors to prepare accounts 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 of the company for that period. 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;
- 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 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.

Small company

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Elective Resolution

An election is in force dispensing with the requirement to lay these financial statements before the Company in general meeting, however, Members have the right by giving notice to the Company, to require the financial statements to be laid before a general meeting.

On behalf of the Board



J R F Micklem
Managing Director
May 8, 1998

TIG SYNDICATE MANAGEMENT LIMITED

REPORT OF THE AUDITORS

to the members of TIG Syndicate Management Limited

We have audited the financial statements on pages 4 to 8 which have been prepared following the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on Page 2 of the financial statements, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

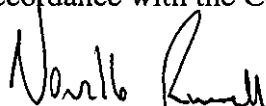
Basis of opinion

We have 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 group'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 financial statements give a true and fair view of the state of affairs as at December 31, 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Neville Russell
Chartered Accountants
and Registered Auditors
24 Bevis Marks, London

May 8, 1998

TIG SYNDICATE MANAGEMENT LIMITED

PROFIT & LOSS ACCOUNT PERIOD TO DECEMBER 31, 1997

	Period to <u>31 December 1997</u>
	£
TURNOVER	-
Administrative Expenses	-
Operating (Loss)	-
Interest Payable	-
Bank Interest receivable	25,832 -----
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	25,832
Taxation	7,750 -----
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	18,082
Dividends	- -----
Retained Profit/(Loss) for the period	£18,082 =====

The company's turnover and expenses all relate to the continuing operations. There were no recognised gains or losses during the period other than those passing through the profit and loss account. The notes on pages 6 to 8 form part of these accounts.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1997</u>
	£
Profit for the period	18,082
Capital introduced	<u>1,400,000</u>
Closing shareholders' funds	1,418,082 =====

TIG SYNDICATE MANAGEMENT LIMITED

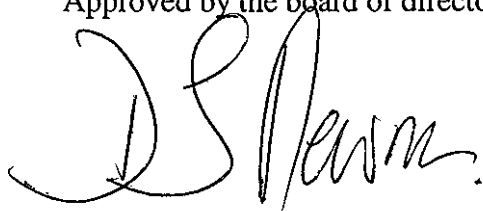
BALANCE SHEET

DECEMBER 31, 1997

	Notes	Year to <u>31 December 1997</u> £
FIXED ASSETS		
Tangible Assets	4	98,705
 CURRENT ASSETS		
Debtors	5	1,103,699
Cash at bank and in hand		<u>390,464</u>
		1,494,163
 CREDITORS: amounts falling due within one year	6	<u>19,750</u>
 NET CURRENT ASSETS		1,474,413
TOTAL ASSETS		1,573,118
 CREDITORS: amounts falling due after one year		155,036
 NET ASSETS		<u>1,418,082</u>
 CAPITAL AND RESERVES		
Called up share capital	7	1,400,000
Profit and loss account	8	<u>18,082</u>
 TOTAL SHAREHOLDERS' FUNDS		<u>1,418,082</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board of directors on May 8, 1998



D J Newman



J R F Micklem

The notes on pages 6 to 8 form part of these accounts.

TIG SYNDICATE MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

1. Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents profit commissions derived from Corporate Members of Lloyd's. Underwriting profit commissions will be credited in the year in which such amounts are received.

Accounting for expenses

Expenditure incurred by the company has been charged by the managed syndicate as set out in the statement of policy of syndicate expenses. Total expenditure of £655,000 was paid and recharged to the managed syndicate during the period. In addition, £35,714 was paid by the company and recharged to TIG Re in relation to office costs.

Depreciation

Depreciation of tangible fixed assets is calculated by reference to cost at rates estimated to write off the relevant assets over their expected useful lives, taking into account normal commercial and technical obsolescence.

The annual rates used are:

Computer equipment	33.33% on cost
Office equipment	33.33% on cost
Furniture, fixtures & fittings	20.00% on cost
Leasehold property improvements	Over term of lease

Deferred taxation

Deferred taxation is accounted for on all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

2. Profit on ordinary activities before taxation

1997
£

Profit on ordinary activities before taxation is stated after charging the following:

TIG SYNDICATE MANAGEMENT LIMITED

Auditors' remuneration	1,000
Depreciation	51,877

3. Directors' emoluments

The total emoluments paid to directors, before recharge to syndicate during the year/period amounted to £301,200, included in this amount are pension costs of £20,533. All were paid in respect of management services.

4. Tangible fixed assets

	Short Leaseholds £	Computer Equipment £	Office Equipment £	Furniture, Fixtures and Fittings £	Total £
Cost					
1 January 1997	Nil	Nil	Nil	Nil	Nil
Additions	42,651	63,176	6,755	43,200	155,782
Disposals	Nil	Nil	(5,200)	Nil	(5,200)
	-----	-----	-----	-----	-----
31 December 1997	42,651	63,176	1,555	43,200	150,582
Depreciation					
At 1 January 1997	Nil	Nil	Nil	Nil	Nil
Charge for the year	21,326	21,059	852	8,640	51,877
	-----	-----	-----	-----	-----
31 December 1997	21,326	21,059	852	8,640	51,877
Net book value					
31 December 1997	21,325	42,117	703	34,560	98,705
31 December 1996	Nil	Nil	Nil	Nil	Nil

TIG SYNDICATE MANAGEMENT LIMITED

5. Debtors

	<u>1997</u>
	£
Amount due from Syndicate 1218	1,084,558
Other Debtors	<u>19,141</u>
	1,103,699
	=====

Included in Other Debtors is a season ticket loan of £141 to D J Newman. The maximum amount outstanding during the period was £1,690.

6. Creditors: amounts falling due within one year

	1997
	£
Taxation	19,750

7. Share Capital

Authorised 3,000,000 ordinary shares of £1 each	<u>3,000,000</u>
Allotted, issued and fully paid 1,400,000 ordinary shares of £1 each	<u>1,400,000</u>

8. Profit and loss account

	<u>1997</u>
	£
Result for the period and closing balance	18,082
	=====

9. Parent Undertakings

The immediate parent is TIG Holdings UK Limited, a company incorporated in England. The ultimate parent is TIG Holdings Inc., a company incorporated in the USA.

10. Contingent liabilities and financial commitments

There are no contingent liabilities.