

**Amlin Investments Limited**  
**(Formerly Angerstein Investments Limited)**

**Annual Report &  
Financial Statements**

**31 December 2000**

Registered Number: 3562457

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  
Lord Stewartby  
R J Taylor (Chairman)

### **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 principal activity of the Company is to invest in listed securities and other financial assets. Significant portions of the Company's assets are charged in favour of Lloyd's of London to support the underwriting activities of other subsidiaries of Amlin plc.

### Company name change

The Company's name was changed on 21 March 2001 from Angerstein Investments Limited to Amlin Investments Limited.

### Results and dividends

The profit before tax of the Company for the year ended 31 December 2000 amounted to £6,566,000 (1999: £12,973,000), 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 final ordinary dividend of £nil per share be paid (1999: 1.95 pence per share).

### Directors and officers

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

The following directors were appointed during the year:

<u>Name</u>	<u>Date of appointment</u>
R A Hextall	21 November 2000
R J Taylor	21 November 2000

The following directors resigned during the year:

<u>Name</u>	<u>Date of resignation</u>
J M Kennedy	21 November 2000
J R Sanders	21 November 2000

R J Taylor was subsequently appointed as Chairman of the Company.

### Directors' interests

R A Hextall, C E L Philipps, J L Stace, Lord Stewartby and R J Taylor are directors of the ultimate holding Company, Amlin plc. Their interests in that Company are disclosed in its directors' report.

The following director, and his related parties, held shares, warrants and share options in Amlin plc as set out below: -

	<u>Amlin Shares</u>		<u>Amlin Options</u>		<u>Sharesave Options</u>	
	<u>1.1.00</u>	<u>31.12.00</u>	<u>1.1.00</u>	<u>31.12.00</u>	<u>1.1.00</u>	<u>31.12.00</u>
J leT Illingworth	34,198	34,198	404,414	524,414	11,264	11,264

In addition Mr Illingworth held 16,839 warrants to subscribe for Amlin plc ordinary shares at 1 January 2000 which expired on 14 September 2000.

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

## Directors' report (*continued*)

### 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

11 July 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 members of Amlin Investments Limited**

We have audited the financial statements on pages 7 to 13, which have been prepared under the accounting policies, 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 as at 31 December 2000 and its profit 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

11 July 2001

**Profit and loss account****For the year ended 31 December 2000**

	Notes	2000 £'000	1999 £'000 (restated)
(Loss) /gain on the disposal of fixed asset investments		(1,293)	8,304
Income from fixed asset investments		7,271	4,505
Interest receivable and similar income		603	176
Other expenses		(15)	(12)
<b>Profit on ordinary activities before taxation</b>	3	<b>6,566</b>	<b>12,973</b>
Tax charge on ordinary activities	5	(1,657)	(1,737)
<b>Profit on ordinary activities after taxation</b>		<b>4,909</b>	<b>11,236</b>
Dividend	6	-	(2,900)
<b>Retained profit for the year</b>	12	<b>4,909</b>	<b>8,336</b>

All activities were continuing throughout both the current and preceding periods.

**Statement of total recognised gains and losses**

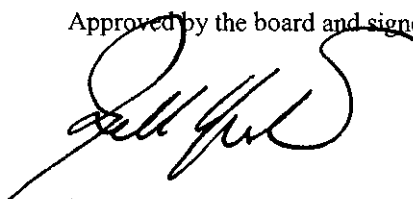
	2000 £'000	1999 £'000
<b>Profit for the year</b>	<b>6,566</b>	<b>11,236</b>
Unrealised (loss)/gains on fixed asset investments	(3,477)	9,738
<b>Total recognised gains for the financial year</b>	<b>3,087</b>	<b>20,974</b>



**Balance sheet as at 31 December 2000**

	Notes	2000 £'000	1999 £'000
<b>Fixed assets</b>			
Investments	7	199,397	207,526
<b>Current assets</b>			
Debtors	8, 9	2,015	4,571
Cash at bank and in hand		337	1,149
		<u>2,352</u>	<u>5,720</u>
<b>Creditors: Amounts falling due within one year</b>	10	<u>(32,433)</u>	<u>(41,748)</u>
<b>Net current liabilities</b>		<b>(30,081)</b>	<b>(36,028)</b>
<b>Total assets less current liabilities</b>		<u><b>169,316</b></u>	<u><b>171,498</b></u>
<b>Provisions for liabilities and charges</b>	9	-	(3,614)
<b>Net assets</b>		<u><u><b>169,316</b></u></u>	<u><u><b>167,884</b></u></u>
<b>Capital and reserves</b>			
Called up share capital	11	149,029	149,029
Capital reserve-realised	12	8,195	8,195
Capital reserve-unrealised	12	6,952	10,429
Profit and loss account	12	5,140	231
<b>Equity shareholders' funds</b>	12	<u><u><b>169,316</b></u></u>	<u><u><b>167,884</b></u></u>

Approved by the board and signed on its behalf by



R A Hextall  
Director  
11 July 2001

## Notes to the accounts

### 1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, modified to include the revaluation of investments.

Under Financial Reporting Standard (FRS) 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 financial statements.

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 FRS No.8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

### 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.

#### *Investments*

Listed investments, being those traded on a recognised stock exchange, are stated at mid-market value on the balance sheet date. Unlisted investments are valued by the directors on a prudent basis having regard to their likely realisable value.

All dividends and any related tax credits are recognised as income on the date the related listed investments are marked ex-dividend. Other investment income, interest receivable, expenses and interest payable are recognised in the profit and loss account on an accruals basis.

Unrealised gains and losses are calculated as the difference between the valuation of investments at the balance sheet date and their purchase price in the financial period or valuation at the commencement of the period and are taken to the 'capital reserve – unrealised' net of any related tax. Realised gains or losses on the disposal of investments, calculated as the difference between proceeds and their purchase price or valuation at the commencement of the period, are taken to the profit and loss account.

#### *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.

The Company has adopted FRS 16 and has followed the transitional provisions detailed in appendix V. The main change results from the exclusion of tax credits, which arise on the UK dividends receivable, from both investment income and tax charge in the profit and loss account. In prior years this tax credit has been included. Following the adoption of FRS 16 the results of prior periods have been restated. There is no effect on either last year's or this year's profit after tax from this change in policy.

#### *Deferred taxation*

Deferred tax assets and liabilities are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent that, on the basis of all available evidence, it is regarded as more likely than not that there will be sufficient profits from which the future reversal of the underlying timing difference can be deducted.

## Notes to the Accounts

### 3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2000 £'000	1999 £'000
Audit services	-	3

Auditors' remuneration, investment management and administrative charges are borne by Amlin plc, the Company's parent.

### 4 Directors' emoluments

The directors received no remuneration in relation to their activities as directors of the Company during the current or prior year.

### 5 Tax charge on ordinary activities

#### (a) Analysis of charge in period

	2000 £'000	1999 £'000 (restated)
Current tax:		
UK corporation tax on profits of the period	2,104	1,757
Adjustments in respect of previous periods	(26)	(20)
Total current tax (note (b))	2,078	1,737
Deferred tax:		
On unrelieved capital losses	(421)	-
Tax on profit on ordinary activities	1,657	1,737

## Notes to the Accounts

### 5 Taxation on profit on ordinary activities (*continued*)

#### (b) Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30 per cent for 2000, 31 and 30 per cent for 1999). The differences are explained below:

	2000 £'000	1999 £'000 (restated)
Profit on ordinary activities before tax	6,565	13,434
Profit on ordinary activities multiplied by the standard rate of corporate tax in the UK of 30% (1999: 30.25%)	1,969	4,064
Effects of:		
Non – taxable dividend income	(743)	(1,392)
Non – taxable book (gain)/ loss on sale of equities.	355	(2,522)
Capital gain on sale of equities	-	1,859
Utilisation of tax losses	-	(33)
Unrealised (loss) on gilt's charged to the unrealised capital reserve.	523	(219)
Adjustment to tax charge in respect of previous periods	(26)	(20)
Current tax charge for the period (note (a))	<u>2,078</u>	<u>1,737</u>

The 1999 comparative has been restated for the exclusion of the tax credits on dividends.

### 6 Dividends

	2000 £'000	1999 £'000
Ordinary shares:		
Final dividend of £Nil per ordinary share (1999 – 1.95p)	<u>-</u>	<u>2,900</u>

## Notes to the Accounts

### 7 Investments held as fixed assets

	2000 £'000	1999 £'000
Investments listed in the UK on a recognised exchange		
At 1 January	207,527	149,780
Purchases at cost	27,607	137,926
Sales - proceeds	(27,379)	(100,136)
- realised (loss)/gains on sales	(1,293)	8,304
- realised accrued income	-	(1,450)
- unrealised (loss)/gains	(7,065)	13,102
At 31 December	<u>199,397</u>	<u>207,526</u>
Cost of investments	<u>192,419</u>	<u>193,483</u>

### 8 Debtors

	2000 £'000	1999 £'000
Amounts due from parent and subsidiary undertakings	-	3,091
Other debtors including deferred tax (see note 9 below for deferred tax split )	1,025	332
Prepayments and accrued income	990	1,148
	<u>2,015</u>	<u>4,571</u>

### 9 Provisions for deferred tax

	2000 £'000	1999 £'000 (restated)
Tax on potential capital gain on unrealised equity gains	26	3,614
Tax losses carried forward	(421)	-
Deferred tax provision at 31 December	<u>(395)</u>	<u>3,614</u>
At 1 January	3,614	
Deferred tax charge in profit and loss account for the period (see note 5)	(421)	
Deferred tax movement in the statement of total recognised gains and losses	<u>(3,588)</u>	
At 31 December	<u>(395)</u>	

There is no unprovided deferred taxation.

## Notes to the Accounts

### 10 Creditors

	2000 £'000	1999 £'000
<b>Amounts falling due within one year</b>		
Amounts owed to parent and subsidiary undertakings	29,817	37,561
U K corporation tax	2,616	1,287
Proposed dividends	-	2,900
	<u>32,433</u>	<u>41,748</u>

### 11 Called up share capital

	2000		1999	
	Authorised £'000	Called up, allotted and fully paid £'000	Authorised £'000	Called up, allotted and fully paid £'000
Ordinary shares at £1 each	<u>250,000</u>	<u>149,029</u>	<u>250,000</u>	<u>149,029</u>

### 12 Reconciliation of movements in equity shareholders' funds

	Share capital £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Profit and loss account £'000	2000 Total £'000
At 1 January 2000	149,029	8,195	10,429	231	167,884
Retained profit for the year	-	-	-	4,909	4,909
Transfer	-	-	-	-	-
Unrealised investment losses	-	-	(7,065)	-	(7,065)
Deferred tax movement on unrealised investment losses	-	-	3,588	-	3,588
At 31 December 2000	<u>149,029</u>	<u>8,195</u>	<u>6,952</u>	<u>5,140</u>	<u>169,316</u>

## **Notes to the Accounts**

### **13 Guarantees and contingencies**

The Company has entered into deeds of covenant in respect of each of the Amlin group's corporate member subsidiaries to meet obligations to Lloyd's. The total guarantee given in favour of Lloyd's of London by the Company under these deeds of covenant amounts to approximately £201.3 million (1999: £205.4million). The obligations under the deeds of covenant are secured by a fixed and floating charge over the investments and other assets of the Company 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 Amlin group.

### **14 Parent Company**

The Company's immediate and ultimate parent Company is Amlin plc, a Company incorporated in Great Britain and registered in England and Wales. The Company's results are consolidated in the group accounts of Amlin plc, a copy of which is available to the public and may be obtained from its registered office, St Helen's, 1, Undershaft, London, EC3A 8ND.