

SIMCLA LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2003

Company No. 3620344

Macnair Mason
Chartered Accountants



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SIMCLA LIMITED

COMPANY INFORMATION

Directors

S J Mosley
M Mosley
C A Mosley
G C Mosley

Secretary

SOC Secretarial Services Limited

Company Number

3620344

Registered Office

Fountain House
130 Fenchurch Street
London
EC3M 5DJ

Auditors

Macnair Mason
Chartered Accountants
John Stow House
18 Bevis Marks
London
EC3A 7ED

SIMCLA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2003

The directors have pleasure in presenting their report, together with the audited financial statements for the year ended 31 December 2003.

Status and Activities

The company acts as a corporate member of Lloyds and commenced underwriting on 1st January 1999.

The underwriting strategy is to participate on carefully selected syndicates in order to achieve above average underwriting returns.

Results and Dividend

The results for the year are shown in the profit and loss account on pages 4 and 5. The directors recommend that no dividend be paid.

Directors

The directors who have held office during the year, together with their beneficial interest in the share capital of the company were as follows:-

	Ordinary Shares of 25p each	<i>Ordinary Shares of 25p each</i>
	31 December 2003	<i>31st December 2002</i>
		£
S J Mosley	963,749	963,749
M Mosley	1	1
C A Mosley	321,250	321,250

G Mosley was appointed a director of the company on 1st May 2004.

Auditors

Macnair Mason have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming annual general meeting.

Going Concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The accounts have been prepared on a "going concern" basis.

SIMCLA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2003

Directors' Responsibilities

Company Law requires the directors to prepare, for each financial period, statements 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 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;

Comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; and

Prepare the financial statements on a 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 enable them to ensure that the financial statements 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.

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

Director



Date: 24th June 2004

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SIMCLA LIMITED

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8 to 10.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit 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 these financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2003 and of its loss for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



**Chartered Accountants
and Registered Auditors**

John Stow House
18 Bevis Marks
London
EC3A 7ED

Date: 24 June 2004

SIMCLA LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2003

TECHNICAL ACCOUNT – General Business

	Notes	2003 £	2002 £
Earned premiums, net of reinsurance			
Gross premiums written	15 & 16	2,913,825	2,800,559
Outward reinsurance premiums		<u>(462,016)</u>	<u>(831,344)</u>
Net premiums written		2,451,809	1,969,215
Allocated in investment return transferred from the non-technical account		85,262	135,383
Claims incurred, net of reinsurance			
Claims paid:			
Gross amount		(1,487,829)	(1,775,378)
Reinsurers' share		<u>624,854</u>	<u>800,494</u>
		<u>(862,975)</u>	<u>(974,884)</u>
Charge in the provision for claims:			
Gross amount		(631,383)	(1,521,598)
Reinsurers' share		(460,042)	698,098
Provision for future losses		<u>247,815</u>	<u>41,980</u>
		<u>(843,510)</u>	<u>(781,520)</u>
Net claims incurred		(1,706,485)	1,756,404
Net operating expenses	3	(929,553)	(678,525)
Investment expenses and charges		<u>(3,280)</u>	<u>(2,851)</u>
Balance transferred to the non-technical account		<u>(102,247)</u>	<u>(333,182)</u>

SIMCLA LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2003

NON-TECHNICAL ACCOUNT

	Notes	2003 £	2002 £
Balance on the general business technical account		(102,247)	(333,182)
Other income	2	33,946	80,939
Other charges		<u>(457,204)</u>	<u>(160,513)</u>
Loss on ordinary activities before tax		(525,505)	(412,756)
Taxation on ordinary activities	5	<u>(1,378)</u>	-
Loss for the financial year after tax		(526,883)	(412,756)
Dividends		<u>-</u>	<u>-</u>
Loss retained for the financial year		<u>(526,883)</u>	<u>(412,756)</u>

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

All activities are continuing.

SIMCLA LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2003

	Notes	Assets and Liabilities at Lloyd's £	2003 Corporate £	2002 £	Assets and Liabilities at Lloyd's £	2002 Corporate £	2001 £
Assets							
Investments							
Intangible assets	12	-	66,802	66,802	-	82,768	82,768
Financial investments	6	2,784,294	-	2,784,294	2,371,135	-	2,371,135
Deposits with ceding undertakings		3,963	-	3,963	4,830	-	4,830
		<u>2,788,257</u>	<u>66,802</u>	<u>2,855,059</u>	<u>2,375,965</u>	<u>82,768</u>	<u>2,458,733</u>
Reinsurers' Share of Technical Provisions							
Claims outstanding		<u>2,525,207</u>	<u>-</u>	<u>2,525,207</u>	<u>3,230,068</u>	<u>50,000</u>	<u>3,280,068</u>
Debtors							
Arising out of direct insurance operations	7	655,048	-	655,048	672,423	-	672,423
Arising out of reinsurance operations		1,563,940	-	1,563,940	1,758,759	265,871	2,024,630
Other debtors		230,946	-	230,946	384,238	-	384,238
		<u>2,449,934</u>	<u>-</u>	<u>2,449,934</u>	<u>2,815,420</u>	<u>265,871</u>	<u>3,081,291</u>
Other Assets							
Cash at bank and in hand		263,770	20	263,790	271,789	13,567	285,356
Other		247,670	-	247,670	207,334	-	207,334
		<u>511,440</u>	<u>20</u>	<u>511,460</u>	<u>479,123</u>	<u>13,567</u>	<u>492,690</u>
Prepayments and Accrued Income							
		18,165	-	18,165	15,019	-	15,019
Total Assets		<u>8,293,003</u>	<u>66,822</u>	<u>8,359,825</u>	<u>8,915,595</u>	<u>412,206</u>	<u>9,327,801</u>
Liabilities							
Capital and Reserves							
Called up share capital	8	-	321,250	321,250	-	321,250	321,250
Profit and loss account	9	-	(1,138,845)	(1,138,845)	-	(611,962)	(611,962)
Equity Shareholders' Funds	10	-	(817,595)	(817,595)	-	(290,712)	(290,712)
Technical Provisions							
Claims outstanding		<u>7,766,932</u>	<u>-</u>	<u>7,766,932</u>	<u>8,138,233</u>	<u>-</u>	<u>8,138,233</u>
Deposits Received from Insurers		<u>23,964</u>	<u>-</u>	<u>23,964</u>	<u>69,260</u>	<u>-</u>	<u>69,260</u>
Creditors							
Creditors arising from direct insurance operations		56,284	-	56,284	99,026	-	99,026
Creditors arising from reinsurance operations		289,633	-	289,633	505,973	-	505,973
Amounts owed to credit institutions		5,573	-	5,573	1,112	-	1,112
Other creditors including taxation and social security		289,548	710,369	999,917	96,280	657,911	754,191
Syndicate participation balance		(148,446)	148,446	-	-	-	-
		<u>492,592</u>	<u>858,815</u>	<u>1,351,407</u>	<u>702,391</u>	<u>657,911</u>	<u>1,360,302</u>
Accruals and Deferred Income							
		<u>9,515</u>	<u>25,602</u>	<u>35,117</u>	<u>5,711</u>	<u>45,007</u>	<u>50,718</u>
Total Liabilities		<u>8,293,003</u>	<u>66,822</u>	<u>8,359,825</u>	<u>8,915,595</u>	<u>412,206</u>	<u>9,327,801</u>

These financial statements were approved by the Board on 24th June 2004

Director

S. J. Mosley

SIMCLA LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2003

	2003 £	2002 £
Net cash flow from operating activities		
Operating loss	(526,883)	(412,756)
Amortisation and impairment of capacity	19,211	35,576
Decrease/(Increase) in debtors	265,871	95,062
Increase in other creditors	480,792	12,316
(Decrease)/Increase in provision for losses	<u>(247,915)</u>	<u>(41,980)</u>
	(8,924)	(311,782)
Taxation	(1,378)	-
Capital expenditure		
Purchase of intangible assets	(3,245)	(17,843)
Financing		
Issue of ordinary share capital	<u>-</u>	<u>320,000</u>
Decrease in cash at bank	<u>(13,547)</u>	<u>(9,625)</u>

The company has no control over the disposition of assets and liabilities at Lloyd's. Consequently the cash flow statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the syndicates at Lloyd's.

1 Accounting Policies

The financial statements are prepared in accordance with the provisions of Section 255 of, and Schedule 9A to, the Companies Act 1985, as amended by the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993.

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules as modified by the revaluation of investments. The company has adopted all material recommendations of the Guidance on Accounting for Insurance Business issued in December 1998 by the Association of British Insurers.

The company underwrites insurance business as principal through its participations in Lloyd's syndicates under the terms of agency agreements entered into each year with the syndicates' managing agents. These agreements give control to the managing agent of the conduct of the underwriting and the company has no access to those funds which are controlled by the syndicates. The technical account represents the company's participations on syndicates for the 2001, 2002 and 2003 year of account as reported for the year ended 31st December 2003, and is based on syndicate returns which have been audited by the syndicates' auditors. Transactions entered into directly by the company are reported in the non-technical account.

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the syndicates' managing assets and are shown separately on the balance sheet as "assets and liabilities at Lloyd's".

The particular accounting policies are described below.

(a) Basis of Accounting for Underwriting Activities

The company has adopted the underwriting year basis of accounting. Profits for an underwriting year are recognised on its closure which is not earlier than 36 months after its commencement, and is normally at that time. This basis has been adopted for the syndicates' business to allow a period for the reporting of premiums and claims which is sufficient to enable the underwriting result to be determined. This method of profit recognition follows that adopted by the syndicates on which the company participates. The excess of premiums written and investment income, less claims paid and related insurance, and related insurance, and net operating expenses is carried forward as a technical provision as part of outstanding claims and reinsurers' share of outstanding claims. The adequacy of the technical provision for open years is assessed by estimating the net written premium and deducting the estimated ultimate cost of claims, settlement expenses and net operating expenses.

(b) Premiums

Gross written premiums comprise premiums estimated to be receivable in respect of contracts incepting in the financial year and are stated gross of commissions payable to intermediaries, and exclusive of taxes and duties levied on premiums.

Outwards reinsurance premiums are accounted for in the same period as the premiums for the related direct or inwards reinsurance business.

(c) *Claims Incurred*

Claims incurred comprise all claim payments and internal and external settlement expense payments made in the financial year and the movement in the provisions for outstanding claims and settlement expenses, including claims incurred but not reported, net of salvage and subrogation recoveries.

Outwards reinsurance recoveries are accounted for in the same accounting period as the claims for the related direct or inwards reinsurance business being reinsured.

(d) *Claims Outstanding*

For all underwriting years, provision is made for outstanding claims and settlement expenses incurred at the balance sheet date. Included in the provision is an estimate of the internal and external costs of handling the outstanding claims.

For an open underwriting year, the provision includes the excess of net premiums written and investment income, less claims paid and related reinsurance, and operating expenses so that no profit is recognised in the technical account for that underwriting year. Provision is made for losses on each open underwriting year to the extent that the technical provisions assessed to be inadequate to meet the estimated ultimate cost of claims, settlement expenses and net operating expenses.

For an underwriting year which has been closed, claims outstanding includes a provision for claims incurred but not reported.

(e) *Investment and Allocated Investment Income*

In accordance with Lloyd's current accounting practice, investments are stated at market value, including accrued interest at the Balance Sheet date. Investment income is included in the General Business Technical Account reflecting that earned on the investment portfolio managed by the Syndicates. The allocated investment income therefore comprises income received and investment profits and losses, net of investment expenses and charges arising in the calendar year including appreciation/depreciation and accrued interest consequent upon the revaluation of investments at 31 December. All gains and losses on investments are treated as realised at the Balance Sheet date.

(f) *Basis of Currency Translation*

Syndicates maintain separate funds in sterling, United States and Canadian dollars. All transactions expressed in United States and Canadian dollars are translated into sterling at the rate of exchanged ruling at the Balance Sheet date. Transactions during the year in other overseas currencies are expressed in sterling at the rates ruling at the transaction date.

(g) *Debtors/Creditors Arising from Insurance/Reinsurance Operations*

The amounts shown include the totals of all syndicates outstanding debit and credit transactions as processed by the Lloyd's Policy Signing Office; no account has been taken of any offsets which may be applicable in calculating the new amounts due between the Syndicates and each of their counterparty insurers, reinsurers or intermediaries as appropriate.

SIMCLA LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2003

(h) *Deferred taxation*

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. *Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.* Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(i) *Cash Flow Statement*

The company has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the cash flow statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the Syndicates at Lloyd's.

(j) *Intangible Assets*

Costs incurred by the company in the Corporation of Lloyd's auctions in order to acquire rights to participate on syndicates' underwriting years are included within intangible fixed assets and amortised over a five year period, commencing in the year the relevant account closes.

SIMCLA LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2003

2 Other Income	2003	2002
	£	£
Stop-loss recovery	33,428	-
Profit on sale of shares	-	79,984
Bank Interest	518	955
	<u>33,946</u>	<u>80,939</u>

3 Net Operating Expenses	2003	2002
	£	£
Syndicate operating expenses	30,752	257,512
Exchange adjustment	182,174	150,602
Commission/brokerage	641,723	239,401
Lloyd's Members' personal expenses and charges	74,904	31,010
	<u>929,553</u>	<u>678,525</u>

4 Other Charges	2003	2002
	£	£
The following amounts are included in other charges:		
Auditors' remuneration	2,350	2,400
Auditors' remuneration – non audit	1,763	3,700
Amortisation and impairment of capacity	19,211	15,900

The directors received no fees or other emoluments as directors of the company.

The company has no other employees

5 Tax on Profit on Ordinary Activities

Corporation tax	-	-
Foreign tax	(1,378)	-
Current tax charge	<u>(1,378)</u>	<u>-</u>

The company has incurred significant losses to date. However no deferred tax asset has been recognised on the grounds that there is insufficient evidence to quantify the level of future trading profits.

SIMCLA LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2003

6 Investments	2003	2002
	£	£
Shares and other variable yield securities	235,392	126,798
Debt securities and other fixed income securities	2,429,433	1,918,485
Participation in investment pools	41,918	60,458
Loans guaranteed by mortgage	641	1,882
Other loans	0	69,337
Deposits with credit institutions	75,389	192,616
Other	1,521	1,559
	<u>2,784,294</u>	<u>2,371,135</u>
7 Debtors Arising Out of Direct Insurance Operations	2003	2002
	£	£
Amounts owed by policyholders	5,203	5,089
Amounts owed by intermediaries	649,845	667,334
	<u>655,048</u>	<u>672,423</u>
8 Called Up Share Capital	2003	2002
	£	£
Authorised		
Ordinary shares of 25p each	<u>500,000</u>	<u>500,000</u>
Allotted, Called Up and Fully Paid		
Ordinary shares of 25p each	<u>321,250</u>	<u>321,250</u>
During the year the company issued 1,280,000 Ordinary shares of 25p each at par.		
9 Profit and Loss Account	2003	2002
	£	£
At 1st January	(611,962)	(199,206)
Loss for the year	<u>(526,883)</u>	<u>(412,756)</u>
At 31st December	<u>(1,138,845)</u>	<u>(611,962)</u>
10 Reconciliation of Movement in Equity Shareholders' Funds	2003	2002
	£	£
Retained loss for the year	(526,883)	(412,756)
Shares issued in period	-	320,000
	<u>(526,883)</u>	<u>(92,756)</u>
At 1st January	(290,712)	(197,956)
At 31st December	<u>(817,595)</u>	<u>(290,712)</u>

SIMCLA LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2002

12 Intangible Assets

	<u>Cost</u>	<u>Amortisation</u>	<u>Net Book Value</u>
	£	£	£
Capacity Rights			
At 1 January 2003	98,668	15,900	<u>82,768</u>
Additions	3,245	15,900	
Disposals	<u>(3,311)</u>	<u>-</u>	
At 31 December 2003	<u>98,602</u>	<u>31,800</u>	<u>66,802</u>

13 Capital and Other Commitments

There were no capital or other commitments at 31st December 2003.

14 Underwriting Funds at Lloyd's

The company's underwriting is supported by assets made interavailable to it by the shareholders of the company.

SIMCLA LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2003

15 Segmental Information – Class of Business

	Gross Premium Written £	Gross Claims Incurred £	Gross Operating Expenses £	Reinsurance Balance £
Year to 31st December 2003				
Direct Business				
Accident and health	69,580	(30,442)	(27,458)	(18,743)
Motor – third party liability	13,532	(10,290)	(8,411)	3,541
Motor – other class	200,051	(91,828)	(55,197)	(10,350)
Marine, aviation and transport	221,038	26,552	(82,694)	(113,295)
Fire and other damage to property	453,867	(27,916)	(166,220)	(236,712)
Third party liability	628,029	(466,354)	(198,042)	(155,049)
Credit and suretyship	21,654	(38,726)	(13,582)	(19,021)
Legal expenses	10,260	(10,398)	(3,848)	(237)
Assistance	(38)	36	(15)	239
Other	(3,358)	36,736	(3,351)	(25,021)
Total Direct	1,614,615	(612,630)	(558,818)	(574,648)
Reinsurance acceptances	1,036,725	(217,203)	(325,391)	(466,894)
RITC	247,069	(1,252,275)	-	752,212
Total	2,898,409	(2,082,108)	(884,209)	(289,330)

	Gross Premium Written £	Gross Claims Incurred £	Gross Operating Expenses £	Reinsurance Balance £
Year to 31st December 2002				
Direct Business				
Accident and health	52,998	(89,849)	(19,779)	15,458
Motor – third party liability	23,691	(20,511)	(6,254)	3,445
Motor – other class	237,984	(274,417)	(63,857)	32,142
Marine, aviation and transport	250,761	(315,453)	(64,620)	74,647
Fire and other damage to property	567,275	(733,107)	(151,900)	100,650
Third party liability	683,224	(992,825)	(177,015)	271,661
Credit and suretyship	28,168	(28,289)	(7,792)	(31,491)
Legal expenses	9,091	(12,463)	(2,873)	719
Assistance	157	(1,349)	(123)	840
Other	12,835	(31,599)	(6,027)	38,030
Total Direct	1,866,184	(2,499,862)	(500,510)	506,101
Reinsurance acceptances	653,178	(1,069,175)	(156,060)	299,222
RITC	290,565	272,063	-	(138,383)
Total	2,809,927	(3,296,974)	(656,570)	666,940

SIMCLA LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2003

16 Segmental Information – Geographical Split

	United Kingdom £	Other EU £	Rest of the World £	Total £
Year to 31st December 2003				
Gross Premiums Written:				
Direct business	1,687,285	(6,572)	(66,098)	1,614,695
Reinsurance	1,283,794	-	-	1,283,794
	<u>2,971,079</u>	<u>(6,572)-</u>	<u>(66,098)</u>	<u>2,898,409</u>
	United Kingdom £	Other EU £	Rest of the World £	Total £
Year to 31st December 2002				
Gross Premiums Written:				
Direct business	1,956,981	1,777	(92,574)	1,866,184
Reinsurance	943,743	-	-	943,743
	<u>2,900,724</u>	<u>1,777</u>	<u>(92,574)</u>	<u>2,809,927</u>

SIMCLA LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2003

16 Related party transactions

The company's controlling party is S J Mosley, a director and the major shareholder.

During the period, the directors made loans to the company. At the balance sheet date £598,609 (2002: £518,375) was owed to the directors.

17 Cash at Bank and in Hand

The Lloyd's deposit represents monies deposited with the Corporation of Lloyd's to support the company's underwriting activities as described in the Accounting Policies. The company has entered into a Lloyd's Deposit Trust Deed which gives the right to apply these monies in settlement of any claims arising from the company's participation on Lloyd's syndicates. These monies can only be released from the provision of this deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset or after the expiration of the company's liabilities in respect of its underwriting.

18 Contingent Liabilities

As explained in the Accounting Policies on page 8 the company participates on insurance business written by Lloyd's syndicates. As a result of this participation, the company is exposed to claims arising on insurance business written by those syndicates.

The net results of the company's participation on those syndicates for any underwriting year will not be calculated until the third anniversary of the commencement of that underwriting year at the earliest.

SIMCLA LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST DECEMBER 2003**

19 Member's Share of Syndicates

The company participated in the following syndicates:

Syndicate no.	2003 allocated capacity (£)	2002 allocated capacity (£)	2001 allocated capacity (£)
2		80,000	-
33	326,000	130,898	93,502
205		-	69,604
218	153,000	127,500	106,250
250		-	67,724
318	90,000	60,000	-
386	262,500	175,000	100,000
435		-	131,135
510	210,000	151,236	100,824
557	70,500	60,000	50,000
566		-	53,750
570	80,000	-	-
588		-	60,000
609	120,000	78,800	40,000
623	172,500	80,000	-
727	50,860	33,792	27,049
735		-	-
780	150,000	60,000	-
861		-	120,080
902		-	-
958	140,000	66,635	36,336
1003		88,984	57,500
1007		40,000	40,000
1084		-	26,298
1212		-	61,268
1241		-	18,456
2001	125,000	200,000	169,333
2010	80,000	30,937	25,000
2020	285,000	285,000	152,251
2121	85,624	52,915	30,000
2488		-	154,651
2791	140,000	90,000	50,000
	<u>2,543,484</u>	<u>1,891,697</u>	<u>1,841,011</u>