

Company registration number: 3846518

## **Nameco (No. 326) Limited**

### **Report and financial statements 31 December 2000**

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# **Nameco (No. 326) Limited**

## **Report of the directors (continued)**

### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the 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
- state whether applicable accounting standards have been applied
- 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 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.

By Order of the Board



Hampden Legal PLC  
Secretary

28 June 2001

# **Nameco (No. 326) Limited**

## **Report of the auditors**

### **To the Members of Nameco (No. 326) Limited**

We have audited the financial statements on pages 5 to 20 which have been prepared under the accounting policies set out on pages 10 to 13.

### **Respective responsibilities of directors and auditors**

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

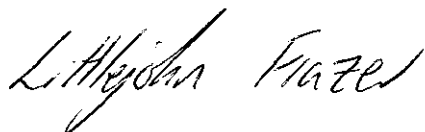
### **Basis of Opinion**

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 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 the company's affairs as at 31 December 2000, and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Littlejohn Frazer**

Chartered Accountants  
and Registered Auditors

1 Park Place  
Canary Wharf  
London E14 4HJ

28 June 2001

# **Nameco (No. 326) Limited**

## **Profit and loss account**

### **Technical account – general business**

**For the period ended 31 December 2000**

	Note	2000 £
<b>Earned premiums, net of reinsurance</b>		
Gross premiums written	3	1,303,635
Outward reinsurance premiums		(274,029)
Net premiums written		1,029,606
Allocated investment return transferred from the Non-technical account		5,236
<b>Total technical income</b>		1,034,842
<b>Claims paid</b>		
Gross amount		(75,126)
Reinsurers' share		14,531
Net claims paid		(60,595)
<b>Change in provision for claims</b>		
Gross amount		(835,217)
Reinsurers' share		203,198
<b>Claims incurred net of reinsurance</b>		(692,614)
Net operating expenses	4	(342,019)
Investment expenses and charges		(209)
<b>Total charges</b>		(1,034,842)
<b>Balance on technical account – general business</b>		-

The accounting policies and notes on pages 10 to 20 form part of these financial statements.

# Nameco (No. 326) Limited

## Balance sheet

As at 31 December 2000

31 December 2000				
	Note	Held Directly £	Held through Syndicate Participation £	Total £
<b>Assets</b>				
<b>Intangible assets</b>				
Syndicate participation rights	8	-	-	-
<b>Investments</b>				
Financial investments	9	-	161,112	161,112
Deposits with ceding undertakings		-	517	517
		-	161,629	161,629
<b>Reinsurers' share of technical provisions</b>				
Claims outstanding		-	155,211	155,211
<b>Debtors</b>				
Arising out of direct insurance operations				
- intermediaries		-	417,065	417,065
- policyholders		-	2,886	2,886
Arising out of reinsurance operations		-	107,294	107,294
Other debtors		38	15,859	15,897
		38	543,104	543,142
<b>Other assets</b>				
Cash at bank and in hand		596	42,807	43,403
Other		-	13,589	13,589
		596	56,396	56,992
<b>Prepayments and accrued income</b>				
Other prepayments and accrued income		-	2,936	2,936
<b>Total assets</b>				
		634	919,276	919,910

The accounting policies and notes on pages 10 to 20 form part of these financial statements.

# Nameco (No. 326) Limited

## Balance sheet

As at 31 December 2000

31 December 2000			
		Held through Syndicate Participation	Total
Note	Held Directly £	£	£
<b>Liabilities and shareholders' funds</b>			
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Share premium account		-	-
Profit and loss account	11	(3,269)	(3,269)
Shareholders' funds	12	(3,268)	(3,268)
<b>Technical provisions</b>			
Claims outstanding – gross amount		-	785,604
<b>Provisions for other risks and charges</b>			
Provision for taxation		-	-
<b>Creditors</b>			
Arising out of direct insurance operations		-	33,505
Arising out of reinsurance operations		-	85,501
Other creditors	13	3,902	13,296
		3,902	132,302
			136,204
<b>Accruals and deferred income</b>			
		-	1,370
<b>Total liabilities</b>			
		634	919,276
			919,910

Approved by the board of directors on 28 June 2001  
and signed on its behalf by:

Nomina plc  
Director

The accounting policies and notes on pages 10 to 20 form part of these financial statements.

# **Nameco (No. 326) Limited**

## **Cash flow statement**

**For the period ended 31 December 2000**

	<b>Note</b>	<b>2000 £</b>
<b>Operating activities</b>		
Net cash inflow/(outflow) from operating activities	14	(32)
<b>Returns on investments</b>		-
<b>Capital expenditure</b>		
Purchase of syndicate capacity		-
Proceeds from sale of syndicate capacity		627
<b>Taxation</b>		
Corporation tax (paid) refunded		-
<b>Financing</b>		
Issue of shares		1
Share issue expenses		-
Net cash inflow/(outflow) for the period		<hr/> 596 <hr/>
<b>Cash flows were invested as follows:</b>		
Increase/(decrease) in cash holdings		596
Purchase of financial investments		-
Sale of financial investments		-
Net investment of cash flows		<hr/> 596 <hr/>

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.

The accounting policies and notes on pages 10 to 20 form part of these financial statements.

## **Nameco (No. 326) Limited**

### **Notes to the financial statements**

#### **For the period ended 31 December 2000**

##### **1.5 Provision for claims (technical provisions)**

Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision includes the amounts required to ensure that for each underwriting year no profit is recognised before the end of the third year under the three year funded basis of accounting (see (1.2) above).

The provision has been increased as appropriate by the company to the extent that deficits are foreseen on underwriting years before the 36 months point is reached.

The provision is based on the returns and report from the managing agents and/or the company's licensed adviser/members' agent.

##### **1.6 Reinsurance to close**

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's syndicates. Under it, underwriting members (the reinsured members) who are members of a syndicate for a year of account (the closed year), agree with underwriting members who comprise 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 the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that syndicate and allocated to the closed year in consideration of:

- (a) a premium; and
- (b) either
  - (i) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurances and other monies receivable in connection with that insurance business); or
  - (ii) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefit so far as they are not applied in discharges of the liabilities of the reinsured members.

To the extent that the company participates on successive years of account of the same syndicate and there is a reinsurance to close between those years, the company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.



## **Nameco (No. 326) Limited**

### **Notes to the financial statements**

#### **For the period ended 31 December 2000**

##### **1.6 Reinsurance to close (continued)**

If the company has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the company has assumed a greater proportion of the business of the syndicate. If the company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the company's exposure to risks previously written by the syndicate.

The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain liable for the settlement of any outstanding claims.

However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a syndicate year of account and it is treated for accounts purposes as settling all the company's outstanding gross liabilities in respect of the business so reinsured.

##### **1.7 Investments**

Listed and other traded investments are stated at mid-market values. Other investments are stated at directors' valuations. Unrealised gains and losses are recognised in the profit and loss account.

##### **1.8 Investment income**

Investment income comprises interest receivable and dividends received plus realised gains and losses on the disposal of investments. Realised gains and losses arise from the difference between sale proceeds and either the valuation at the previous year end, or purchase cost if the investment was purchased during the current year.

Where investments represent the company's share of syndicate investments, they are treated as sold and repurchased at each year end in recognition of the annual venture nature of participation on a syndicate. The cost of these investments is therefore their market value at each 31 December. The realised gains reported by Syndicates are net of any realised losses.

All investment income, net of realised losses, arising on syndicate participations is allocated to the technical account. Other investment income is attributable to the non-technical account.

##### **1.9 Investments expenses and charges**

Investment expenses and charges comprise investment management expenses.

# **Nameco (No. 326) Limited**

## **Notes to the financial statements**

### **For the period ended 31 December 2000**

#### **1.10 Net operating expenses**

Operating expenses are recognised when incurred. They include the company's share of syndicate operating expenses, the remuneration payable to managing agents (and the company's members' agent/licensed adviser) and the direct costs of membership of Lloyd's. Where they relate to the company's underwriting, they are taken into account in calculating the technical provision required under the three year funded basis of accounting.

#### **1.11 Other charges**

Expenses not attributable to underwriting or investment management are recognised when incurred.

#### **1.12 Foreign currencies**

The company's share of syndicate assets, liabilities, income and expenditure expressed in US dollars, Canadian dollars and Euros (where accounted by syndicates under the Lloyd's direct settlement scheme) are translated at rates of exchange ruling at the balance sheet date. Underwriting transactions in Euros (where accounted by syndicates under the Lloyd's conversion scheme) and other foreign currencies are included in the financial statements at historical rates. All exchange differences relating to syndicates are dealt with in the technical account.

#### **1.13 Syndicate participation rights**

Where the company has purchased the right to participate on Syndicates, the cost is capitalised, less any provision for permanent diminution in value, and amortised on a straight line basis over its estimated economic life. It is intended that purchased capacity will be amortised over 5 years. No amortisation is charged until the first year of account in which profits or losses are normally recognised.

#### **1.14 Taxation**

The company is taxed on its share of the underwriting results declared by Syndicates and these are deemed to accrue evenly over the calendar year in which they are declared. The syndicate results (excluding any additional provisions made by the directors) relating to the 2000 account will be declared for tax purposes in the calendar year 2003.

Other profits are assessable to corporation tax in the same period as they are recognised for accounting purposes, after adjustment in accordance with tax legislation.

#### **1.15 Deferred taxation**

Deferred tax is provided in respect of the tax effect of all timing differences to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

# Nameco (No. 326) Limited

## Notes to the financial statements For the period ended 31 December 2000

3 Segmental information	Gross premiums written £	Gross claims incurred £	Gross operating expenses £	Reinsurance balance £	Total £
2000					
<b>Direct business</b>					
Accident and health	86,756	(69,084)	(22,000)	(713)	(5,041)
Motor – third party liability	47,389	(35,875)	(9,680)	(886)	948
Motor – other classes	89,656	(71,624)	(20,724)	1,930	(762)
Marine, aviation and transport	116,365	(96,756)	(24,102)	(10,692)	(15,185)
Fire and other damage to property	283,531	(201,879)	(73,121)	(3,904)	4,627
Third party liability	407,619	(263,049)	(106,741)	(13,338)	24,491
Credit and suretyship	49,752	(28,332)	(11,836)	(78)	9,506
Legal expenses	6,051	(4,795)	(1,290)	608	574
Assistance	61	(128)	(9)	77	1
Other	13,869	(9,274)	(3,039)	(912)	644
Total direct	1,101,049	(780,796)	(272,542)	(27,908)	19,803
<b>Reinsurance business</b>					
Other reinsurance acceptances	202,586	(129,547)	(41,048)	(28,392)	3,599
Reinsurance to close	-	-	-	-	-
	1,303,635	(910,343)	(313,590)	(56,300)	23,402

	2000 £
<b>Gross premiums in respect of direct business written in:</b>	
United Kingdom	1,101,050
Other EU Member states	-
Rest of the world	(1)
	<u>1,101,049</u>

# Nameco (No. 326) Limited

## Notes to the financial statements For the period ended 31 December 2000

### 8 Intangible assets

Syndicate participation rights	2000 £
Net book value	
At 22 September 1999	-
Additions	-
Disposals	-
At 31 December 2000	-

### 9 Financial investments

	2000 Historic Cost £	2000 Market Value £
<b>Syndicate participations</b>		
Shares and other variable yield securities	5,322	4,398
Debt securities and other fixed income securities	109,222	114,538
Participation in investment pools	1,035	897
Loans guaranteed by mortgage	1,899	1,908
Other loans	-	-
Deposits with credit institutions	4,455	39,371
Other	-	-
	121,933	161,112
<b>Other</b>		
Shares and other variable yield securities	-	-

Analysis of market value	2000 £
<b>Syndicate participations</b>	
Listed on the stock exchange	101,952
Other listed	1,279
Unlisted	57,881
	161,112
<b>Other</b>	
Listed on the stock exchange	-
Unlisted	-
	-

# Nameco (No. 326) Limited

## Notes to the financial statements For the period ended 31 December 2000

<b>10 Share capital</b>		<b>2000</b>
		<b>£</b>
<b>Authorised</b>		
100 Ordinary shares of £1 each		100
		<hr/>
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1 each		1
		<hr/>
<b>11 Statement of movements on reserves</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
Balance at 22 September 1999	-	-
Retained profit/(loss) for the period	(3,269)	(3,269)
	<hr/>	<hr/>
Balance at 31 December 2000	(3,269)	(3,269)
	<hr/>	<hr/>
<b>12 Reconciliation of movements in shareholders' funds</b>		<b>2000</b>
		<b>£</b>
Loss for the financial period		(3,269)
Proceeds from issue of shares		1
Share premium on new share capital		-
Expenses paid in connection with share issue		-
		<hr/>
Net addition to shareholders' funds		(3,268)
Opening shareholders' funds		-
		<hr/>
Closing shareholders' funds		(3,268)
		<hr/>
<b>13 Other creditors including taxation and social security</b>		<b>2000</b>
		<b>£</b>
Corporation tax		-
Proprietors' loan accounts		3,902
Other creditors		-
		<hr/>
		3,902
		<hr/>

# Nameco (No. 326) Limited

## Notes to the financial statements

For the period ended 31 December 2000

### 16 Syndicates

The principal syndicates or members' agent pooling arrangements ("MAPA") in which the company participates as an underwriting member are as follows:

Syndicate or MAPA Number:	Managing Agent	2001 Allocated capacity £	2000 Allocated capacity £
2	Kingsmead U/W Agency Ltd	50,000	50,000
33	Hiscox Syndicates Ltd	22,890	22,890
79	Limit Underwriting Ltd	50,000	50,000
183	St. Paul Synd Management Limited	21,959	21,959
205	Jago Managing Agency Ltd	50,000	50,000
386	Limit Underwriting Ltd	42,312	42,312
506	Kingsmead U/W Agency Ltd		34,962
570	Atrium Underwriters Limited	54,530	41,000
582	St. Paul Synd Management Limited	72,900	40,500
588	XL Brockbank Ltd.	30,000	30,000
623	Beazley Furlonge Ltd	75,865	43,980
735	Wren Syndicates Management Ltd	45,000	45,000
800	Wren Syndicates Management Ltd	30,000	30,000
861	XL Brockbank Ltd.	43,000	43,000
963	Crowe Syndicate Management Ltd	28,199	24,323
990	Denham Synd. Management Limited		21,250
1003	Catlin Underwriting Agencies Ltd	28,750	25,000
1084	Chaucer Syndicates Ltd	30,883	30,883
1173	Cottrell and Maguire Limited	42,000	35,000
1202	Wren Syndicates Management Ltd	33,645	24,800
1212	SVB Syndicates Ltd	58,937	47,530
1241	SVB Syndicates Ltd	12,255	9,427
1245	Heritage Managing Agency Ltd	437,500	250,000
2001	Amlin Underwriting Limited	36,050	32,815
2488	Ace Underwriting Agencies Ltd.	23,588	19,522