

CHATSET LIMITED

Reports and Financial Statements

Chatset Limited

Registered Number: 1563351

31 December 1999



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Report of the Directors

The directors present their report and financial statements for the year ended 31 December 1999.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements 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 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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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.

Review of the Business and Future Developments

The principal activity of the company is the publication of Lloyd's Syndicates' League Tables.

Looking forward, the directors are examining a number of options for developing the revenue base of the company.

Results and Dividends

The results for the year and the state of the company's affairs as at 31 December 1999 are shown in the financial statements.

Holding Company

During 1999 developments within the group resulted in the creation of a new group holding company, CBS Insurance Holdings PLC.

Auditors

As a result of the change of the group holding company, KPMG Audit Plc have been appointed auditors replacing Mazars Neville Russell.

Year 2000

We have reviewed the potential impact of the year 2000 on our accounting and business operations and to this effect have received confirmation from our suppliers that our systems are year 2000 compliant. We therefore believe that the effect of the year 2000 on the company will be minimal. However, should a problem arise we believe that we have adequate procedures to deal with them. No problem has arisen to the date of this report.

Directors

The following have served as directors during the period from 1 January 1999 to the date of this report, unless otherwise stated. The interests of the directors at 31 December 1999 in the shares of the company and CBS Insurance Holdings PLC holding company, according to the register of directors' interests, were as follows:

	Chatset Ltd		CBS Insurance Holdings PLC	
	10p Ordinary Shares		10p Ordinary Shares	
	at 31.12.99	at 31 12.98	at 31.12.99	on merger
CAA Harbord-Hamond	-	-	1,174,721	100,000
AR Palengat (resigned 22.7.99)	-	-	-	-
ACL Sturge	180	180	-	-
AT Wood	-	-	-	-

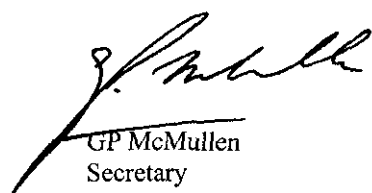
At the date of the merger, CAA Harbord-Hamond was beneficially interested in 100,000 10p ordinary shares, which were subsequently transferred to an unrelated third party. The amounts shown against his Name at 31 December 1999 include a non-beneficial interest in such shares.

The following directors held options on shares in CBS Insurance Holdings PLC.

	at 31.12.99	at 31 12.98
CAA Harbord-Hamond	400,000	-
AT Wood	186,430	-

36,430 options held by AT Wood are exercisable between 9 February 2001 and 8 February 2008 at an exercise price of 30.19p per share. The remaining options are exercisable between 21 December 2002 and 20 December 2009 at an exercise price of £1 per share.

BY ORDER OF THE BOARD


 GP McMullen
 Secretary
 Peninsular House
 36 Monument Street
 London EC3R 8LJ

31 March 2000

Auditor's report to the shareholders of Chatset Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 1, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you on our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. 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.

Basis of audit 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Registered Auditor
Chartered Accountants

31 March 2000

Profit and Loss Account

for the year ended 31 December 1999

	Note	12 months to 31.12.99 £	12 months to 31.12.98 £
Turnover	2	73,714	112,203
Cost of Sales		(23,964)	(37,185)
GROSS PROFIT		49,750	75,018
Distribution Costs		(7,607)	(15,304)
Administrative Expenses		(27,175)	(55,794)
OPERATING PROFIT		14,968	3,920
Interest Receivable		1,383	1,524
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	16,351	5,444
Taxation on Ordinary Activities	6	(2,656)	(1,631)
RETAINED PROFIT FOR THE YEAR	11	13,695	3,813

All recognised gains and losses are included in the Profit and Loss Account above. All of the company's activities are in respect of continuing operations.

CHATSET LIMITED

Balance Sheet

as at 31 December 1999

	Note	31.12.99 £	31.12.98 £
FIXED ASSETS			
Tangible assets	7	1,354	860
CURRENT ASSETS			
Debtors	8	3,160	2,278
Cash at bank		54,961	39,559
		<u>58,121</u>	<u>41,837</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	9	14,349	11,266
NET CURRENT ASSETS		<u>43,772</u>	<u>30,571</u>
NET ASSETS		<u>£45,126</u>	<u>£31,431</u>
CAPITAL AND RESERVES			
Called up share capital	10	900	900
Profit and loss account	11	44,226	30,531
EQUITY SHAREHOLDERS' FUNDS		<u>£45,126</u>	<u>£31,431</u>

Approved by the board on

31 March 2000

and signed on its behalf by



A.P. Wood
Director

Notes to the Financial Statements
for the year ended 31 December 1999

1. Accounting Policies

- a) The financial statements are prepared under the historical cost convention in accordance with applicable Financial Reporting Standards and Statements of Standard Accounting Practice.
- b) Turnover represents net invoiced sales of goods and services excluding value added tax.
- c) Investment income is accounted for on an accruals basis.
- d) Other income and expenses are accounted for on an accruals basis.
- e) Depreciation of fixed assets is calculated to write off the cost of the assets over their estimated useful lives at the following rates:

Furniture, fittings & equipment	20% of original cost per annum
---------------------------------	--------------------------------
- f) Foreign currency transactions are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Year end balances denominated in a foreign currency are translated into sterling at the rate ruling on the balance sheet date.
- g) 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.
- h) Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme.
- i) The accounts have been prepared on a going concern basis based on the continued support from its immediate parent company as set out in Note 13.

2. Turnover	12 months to 31.12.99 £	12 months to 31.12.98 £
Publications	64,573	90,289
Other Sales	9,141	21,914
	<u>£73,714</u>	<u>£112,203</u>

Notes to the Financial Statements
for the year ended 31 December 1999

3. Profit On Ordinary Activities Before Taxation

Profit on ordinary activities before taxation is stated after charging:

	12 months to 31.12.99 £	12 months to 31.12.98 £
Staff Costs (note 4)	20,637	46,396
Auditors' remuneration	4,000	3,500
Depreciation (note 7)	686	838
	=====	=====

4. Staff Costs

	12 months to 31.12.99 £	12 months to 31.12.98 £
Salaries	19,290	42,440
Social Security costs	1,347	3,956
	£20,637	£46,396
	=====	=====

The average number of staff employed by the company was 1. (1998 -2)

5. Directors' Emolument & Transactions

	12 months to 31.12.99 £	12 months to 31.12.98 £
Management services	15,000	30,477
	£15,000	£30,477
	=====	=====

The above emolument is that of the highest paid director.

Mr ACL Sturge provides consultancy services to the company through, Chatset Consultants Limited, a company controlled by him. £9,519 has been charged to the accounts in 1999 for these services (1998 - £1,160). Chatset Consultants Limited also receive commissions on the sale on Chatset publications. Commissions of £6,857 have been charged to the accounts in 1999 (1998 - £ nil).

Notes to the Financial Statements
for the year ended 31 December 1999

6.	Taxation On Profit On Ordinary Activities	12 months to 31.12.99	12 months to 31.12.98
		£	£
	United Kingdom Corporation Tax:		
	Payable on profit for the year @ 20.25% (1998 -21%)	3,221	1,631
	Adjustment re prior year	(565)	-
		<u>£2,656</u>	<u>£1,631</u>
7.	Tangible Fixed Assets		
		Furniture Fittings & Equipment	
		£	
	Cost		
	At 1 January 1999	28,252	
	Additions	1,180	
	At 31 December 1999	<u>29,432</u>	
	Depreciation		
	At 1 January 1999	27,392	
	Charge for the year	686	
	At 31 December 1999	<u>28,078</u>	
	Net book value		
	At 31 December 1998	<u>£860</u>	
	At 31 December 1999	<u>£1,354</u>	
8.	Debtors	31.12.99	31.12.98
		£	£
	Due within one year:		
	Trade debtors	2,492	2,254
	Indirect taxation recoverable	-	24
	Other taxation & social security	668	-
		<u>£3,160</u>	<u>£2,278</u>

Notes to the Financial Statements
for the year ended 31 December 1999

9. Creditors

	31.12.99	31.12.98
	£	£
Amounts falling due within one year:		
Amounts due to group undertakings	594	-
Corporation Taxation	3,221	1,702
Accruals & deferred income	9,733	8,642
Other Taxation & Social Security	-	922
Indirect taxation payable	12	-
Other creditors	789	-
	<u>£14,349</u>	<u>£11,266</u>

10. Share Capital

	31.12.99	31.12.98
	£	£
Authorised:		
1,000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
Issued and fully paid:		
900 ordinary shares of £1 each	<u>£900</u>	<u>£900</u>

11. Reconciliation of Movements in Shareholders' Funds

	Share Capital	Profit & Loss Account	Total Shareholders' Funds
	£	£	£
Balance at 31 December 1997	900	26,718	27,618
Profit for the year	-	3,813	3,813
Balance at 31 December 1998	<u>900</u>	<u>30,531</u>	<u>31,431</u>
Profit for the year	-	13,695	13,695
Balance at 31 December 1999	<u>£900</u>	<u>£44,226</u>	<u>£45,126</u>

12. Contingent Liabilities

The company is party to a guarantee given to CBS Underwriting Ltd - a fellow subsidiary, in respect of the letters of credit supporting CBS Underwriting Ltd's Funds at Lloyd's. This guarantee is secured by a fixed and floating charge over the company's assets.

13. Parent Undertaking

The ultimate parent company is CBS Insurance Holdings PLC which is registered in England and Wales.

Notes to the Financial Statements
for the year ended 31 December 1999

14. Related Party Disclosure

During the year the company's immediate parent company, Christie Brockbank Shipton Ltd, provided the company with office accommodation, management time, accounting and other general office services. They did not charge for the provision of these services.

Detailed Profit and Loss Account
for the year ended 31 December 1999

	12 months 31.12.99 £	12 months 31.12.98 £
INCOME		
Turnover:		
Publications Sales	64,573	90,289
Other Sales	9,141	21,914
Investment income:		
Interest receivable	1,383	1,524
Total Income	75,097	113,727
EXPENDITURE		
Cost of Sales:		
Printing Costs	7,588	22,591
Consultancy Fees	9,519	14,594
Commissions	6,857	-
	23,964	37,185
Distribution Costs:		
Postage & Stationary	4,247	4,811
Marketing & Advertising	3,360	10,406
Entertaining	-	87
	7,607	15,304
Administrative Expenses:		
Staff Costs	20,926	46,625
Office Overheads	11	1,268
Legal & Professional	4,000	5,250
Financial Costs	1,419	1,706
Depreciation	686	838
Other Expenses	133	107
	27,175	55,794
Total Expenditure	58,746	108,283
PROFIT BEFORE TAXATION	£16,351	£5,444