

OLDCO (No.99) LIMITED

COMPANY REGISTRATION NUMBER: 1660078

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2002



OLDCO (No.99) LIMITED

DIRECTORS

C R S Birrell
G Boden
J A Clark
P Gray

SECRETARY

S L V Cole

COMPANY REGISTRATION NUMBER

1660078

REGISTERED OFFICE

One Hundred Whitechapel
London
E1 1JG

AUDITORS

Deloitte & Touche
Chartered Accountants
London

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 December 2002.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

Oldco(No.99) Limited is the holding company of an insurance broking and consulting group with two principal business streams:

UK Corporate which comprises insurance and risk management services and employee benefits advisory and administration services, principally aimed at corporate bodies in the UK; and

London and international insurance market broking and administration services which handle specialist risks from corporations, partnerships, insurers and from international intermediaries.

The directors consider the state of the business to be satisfactory and view the future with confidence.

RESULTS AND DIVIDENDS

The results of the company for the year ended 31 December 2002 are set out in the financial statements on pages 4 to 13.

No interim dividend (2001: £17,200,000) was paid in respect of the ordinary shares. The directors do not recommend the payment of a final dividend (2001: £nil). The company made a retained profit of £5,228,267 (2001: retained loss £4,899,138).

DIRECTORS

The following served as directors throughout the year.

W M Barratt
C R S Birrell
G Boden
J A Clark
P Gray

W M Barratt resigned as a director on 19 February 2003.

AUDITORS

Pursuant to an elective resolution passed on 8 July 1999, Deloitte & Touche will continue in office as auditors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the auditors' statement of respective responsibilities of directors and auditors set out on the following page, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors with regard to the financial statements.

United Kingdom 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 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 consider that:

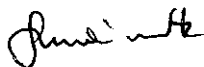
- suitable accounting policies have been selected and then consistently applied;
- judgements and estimates that are reasonable and prudent have been made;
- applicable accounting standards have been followed; and
- the going concern basis is appropriate.

DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)

The directors have responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985 and have a general responsibility for the system of internal control, for taking such steps as are reasonably open to them to safeguard the assets of the company and for the prevention and detection of fraud and other irregularities.

Approved by the Board on 24 April 2003
and signed on its behalf



S L V Cole
Secretary

One Hundred Whitechapel
London
E1 1JG

OLDCO (No.99) LIMITED

We have audited the financial statements of OldCo(No.99) Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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 in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

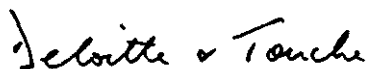
Basis of audit opinion

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 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
London

30 April 2003

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2002

| | Notes | 2002 £ | 2001 £ |
|--|-------|------------------|--------------------|
| Turnover | 2 | 2,654,362 | 2,012,122 |
| Administrative expenses | 3 | (6,142,114) | (3,831,280) |
| Operating loss | | (3,487,752) | (1,819,158) |
| Interest receivable and investment income | 5 | 8,526,589 | 13,604,785 |
| Profit on ordinary activities before taxation | | 5,038,837 | 11,785,627 |
| Tax credit on profit on ordinary activities | 7 | 189,430 | 515,235 |
| Profit on ordinary activities after taxation | | 5,228,267 | 12,300,862 |
| Dividends | 8 | - | (17,200,000) |
| Retained profit / (loss) for the financial year | 14 | <u>5,228,267</u> | <u>(4,899,138)</u> |

All activities derive from continuing operations.

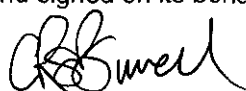
There are no recognised gains or losses other than the profits for the current and preceding financial years. Accordingly, no statement of recognised gains and losses is given.

There are no movements in equity shareholders' funds other than the retained profit for the current financial year and the retained loss for the preceding financial years. Accordingly, no reconciliation of movements in equity shareholders' funds is given.

BALANCE SHEET at 31 December 2002

| | Notes | 2002 £ | 2001 £ |
|---|-------|-------------------|------------------|
| Fixed assets | | | |
| Investment in subsidiary undertakings | 9 | 20,986,897 | 23,683,427 |
| Other fixed asset investments | 10 | 2,862 | 2,862 |
| | | <hr/> | <hr/> |
| | | 20,989,759 | 23,686,289 |
| Current assets | | | |
| Debtors | 11 | 6,878,530 | 5,420,527 |
| Cash at bank | | 54,490 | 70,704 |
| | | <hr/> | <hr/> |
| | | 6,933,020 | 5,491,231 |
| Creditors: amounts falling due within one year | 12 | (13,303,797) | (19,786,805) |
| | | <hr/> | <hr/> |
| Net current liabilities | | (6,370,777) | (14,295,574) |
| | | <hr/> | <hr/> |
| Net assets | | <u>14,618,982</u> | <u>9,390,715</u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 5,499,664 | 5,499,664 |
| Share premium account | 14 | 2,868,779 | 2,868,779 |
| Profit and loss account | 14 | 6,250,539 | 1,022,272 |
| | | <hr/> | <hr/> |
| Equity shareholders' funds | | <u>14,618,982</u> | <u>9,390,715</u> |

These financial statements were approved by the Board on 24 April 2003
and signed on its behalf



C R S Birrell
Director

NOTES TO THE ACCOUNTS

for the year ended 31 December 2002

1. ACCOUNTING POLICIES**Accounting convention**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Going concern

The financial statements have been prepared on the going concern basis due to the existence of continuing group financial support.

Taxation

During the year the company adopted Financial Reporting Standard 19 *Deferred Tax*.

Deferred taxation is provided in full on timing differences that 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 the financial statements.

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.

Foreign currencies

Foreign currency transactions are translated into sterling at the rates of exchange ruling at the end of the month in which the transaction occurred.

Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. The rate of exchange for the US Dollar at 31 December 2002 was £1 = \$1.61 (31 December 2001: £1 = \$1.46). Exchange differences on monetary assets and liabilities are taken to the profit and loss account.

Gains and losses arising from foreign exchange transactions are included in turnover. Contracts for the future sale of foreign currency are accounted for on maturity.

Interest income

Interest on deposits and fixed interest investments is accounted for on an accruals basis.

Subsidiaries

Investments in subsidiaries are stated in the balance sheet at cost, less provisions for any impairment in value (note 9). The company takes advantage of s. 228 of the Companies Act 1985 not to prepare group accounts and so these financial statements present information about the company as an individual undertaking.

Cash flow statement

As a wholly owned subsidiary of SBJ Group Limited, whose group accounts contain a consolidated cash flow statement, the company takes advantage of the exemption not to produce such a statement.

Pension costs

The company subscribes to a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2002
(continued)

2. TURNOVER

Turnover represents a management charge to fellow subsidiaries for the provision of management services. Turnover includes an exchange loss of £40,638 (2001: exchange gain £12,122). Turnover is recognised on an accruals basis.

3. ADMINISTRATIVE EXPENSES

| | 2002 £ | 2001 £ |
|--|-------------------------|-------------------------|
| Administrative expenses include: | | |
| Staff costs, including directors' remuneration: | | |
| Wages and salaries | 2,222,271 | 2,804,029 |
| Social security costs | 284,770 | 342,175 |
| Other pension costs | (6,524) | 113,017 |
| | <u>2,500,517</u> | <u>3,259,221</u> |
| Auditors' remuneration - audit | 7,505 | 5,800 |
| Auditors' remuneration - other services | - | 9,995 |
| Increase / (decrease) in provision against cost of investments in subsidiaries | 2,698,900 | (391,890) |
| Other operating expenses | 935,192 | 948,154 |
| | <u><u>6,142,114</u></u> | <u><u>3,831,280</u></u> |

4. ANALYSIS OF EMPLOYEES

| | 2002 Number | 2001 Number |
|---|-----------------|-----------------|
| The average number of persons employed by the company during the year was as follows: | | |
| Management and administration | <u><u>7</u></u> | <u><u>7</u></u> |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2002
(continued)

5. INTEREST RECEIVABLE AND INVESTMENT INCOME

| | 2002 £ | 2001 £ |
|--|-------------------------|-------------------------|
| Interest receivable | 86,006 | 87,857 |
| Dividends from subsidiary undertakings | 8,423,775 | 13,491,453 |
| Other investment income | 16,808 | 25,475 |
| | <u>8,526,589</u> | <u>13,604,785</u> |

6. REMUNERATION OF DIRECTORS

| | 2002 £ | 2001 £ |
|---|-------------------------|-------------------------|
| Directors' remuneration (excluding pension contributions) | <u>2,247,688</u> | <u>2,604,132</u> |
| Directors' pension contributions | <u>138,433</u> | <u>82,333</u> |

The remuneration of directors disclosed above
included amounts paid to the highest paid director:

| | | |
|-------------------------|----------------|----------------|
| - Emoluments | <u>628,893</u> | <u>702,277</u> |
| - Pension contributions | <u>-</u> | <u>-</u> |

| | 2002 Number | 2001 Number |
|--|------------------------------|------------------------------|
| The number of directors for whom retirement benefits are accruing under defined contribution schemes: | <u>3</u> | <u>5</u> |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2002
(continued)

7. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES

| | 2002 £ | 2001 £ |
|--|-------------------------|-------------------------|
| Analysis of tax credit on ordinary activities | | |
| UK corporation tax at 30% (2001: 30%) based on the profit for the year | (189,444) | (511,963) |
| Adjustment in respect of prior years | 14 | (3,272) |
| | <u>(189,430)</u> | <u>(515,235)</u> |

Reconciliation of tax credit for the year

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK of 30% (2001: 30%). The differences are explained below:

| | | |
|---|------------------|-------------------|
| Profit on ordinary activities before tax | <u>5,038,837</u> | <u>11,785,627</u> |
| Tax on profit on ordinary activities at standard rate of corporation tax in the UK of 30% (2001: 30%) | 1,511,651 | 3,535,688 |
| Tax adjusted for: | | |
| Expenses not deductible for tax purposes | 16,367 | 117,365 |
| Provision against investment in subsidiaries | 809,670 | (117,567) |
| UK dividends received | (2,527,132) | (4,047,449) |
| Prior period adjustments | 14 | (3,272) |
| | <u>(189,430)</u> | <u>(515,235)</u> |

8. DIVIDENDS

| | 2002 £ | 2001 £ |
|-------------------------|-------------------------|-------------------------|
| Ordinary shares: | | |
| Interim dividend - paid | <u>-</u> | <u>17,200,000</u> |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2002
(continued)

9. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

| | 2002 | 2001 |
|---|--------------------------|--------------------------|
| | £ | £ |
| COST | | |
| At 1 January | 83,546,337 | 82,739,351 |
| Additions | 1,877 | 2,000,000 |
| Disposals | (3,292,907) | - |
| Transfers | 992 | (1,193,014) |
| | <hr/> | <hr/> |
| At 31 December | <u>80,256,299</u> | <u>83,546,337</u> |
| LESS: PROVISIONS FOR IMPAIRMENT IN VALUE | | |
| At 1 January | 59,862,910 | 60,254,800 |
| Further charge / (release) for the year | 2,698,899 | (391,890) |
| Disposals | (3,292,407) | - |
| | <hr/> | <hr/> |
| At 31 December | <u>59,269,402</u> | <u>59,862,910</u> |
| NET BOOK VALUE | | |
| At 31 December | <u><u>20,986,897</u></u> | <u><u>23,683,427</u></u> |

In the opinion of the directors the aggregate value of the investments is not less than the amount stated above.

Principal Subsidiaries:

Helix UK Limited (Claims and administration manager)
 SBJ Limited (Insurance broker)
 SBJ Nelson Steavenson Limited (Insurance broker)
 SBJ Benefit Consultants Limited (Pension and employee benefit consultant)
 SBJ Group Services Limited (Management services)
 SBJ Professional Trustees Limited (Trustee and administration services)
 SBJ Stephenson Limited (Insurance broker and consultant)

At 31 December 2002 Oldco (No.99) Limited held 100% of the nominal share capital of all principal subsidiaries except for SBJ Nelson Steavenson Limited and SBJ Stephenson Limited which are 100% owned by SBJ Limited and SBJ Stephenson Group Limited respectively. The proportion of voting rights held by Oldco(No.99) Limited is the same as the proportion of shares held.

Information has been provided in respect of those subsidiary undertakings whose results in the directors' opinion have principally affected the company's accounts. The results of each of the subsidiary undertakings referred to above have been consolidated within the parent company's group accounts.

10. OTHER FIXED ASSET INVESTMENTS

| | 2002 | 2001 |
|----------------|--------------|--------------|
| | £ | £ |
| At 1 January | 2,862 | 23,862 |
| Disposals | - | (21,000) |
| | <hr/> | <hr/> |
| At 31 December | <u>2,862</u> | <u>2,862</u> |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2002
(continued)

11. DEBTORS

| | 2002 £ | 2001 £ |
|---|------------------|------------------|
| Amounts due within one year | | |
| Amounts owed by subsidiary undertakings | 6,388,746 | 4,450,670 |
| Other debtors | 282,227 | 457,894 |
| Taxation | 189,444 | 511,963 |
| Prepayments and accrued income | 18,113 | - |
| | <u>6,878,530</u> | <u>5,420,527</u> |

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2002 £ | 2001 £ |
|---|-------------------|-------------------|
| Amounts owed to subsidiary undertakings | 11,890,315 | 17,206,010 |
| Accruals and deferred income | 1,413,482 | 2,580,795 |
| | <u>13,303,797</u> | <u>19,786,805</u> |

13. CALLED UP SHARE CAPITAL

| | 2002 £ | 2001 £ |
|--|------------------|------------------|
| Authorised: | | |
| 65,000,000 10p ordinary shares | <u>6,500,000</u> | <u>6,500,000</u> |
| Called up, allotted and fully paid: | | |
| 54,996,646 10p ordinary shares | <u>5,499,664</u> | <u>5,499,664</u> |

14. RESERVES

| | 2002 £ | 2001 £ |
|---------------------------------------|------------------|------------------|
| Share premium account | | |
| At 1 January and 31 December | <u>2,868,779</u> | <u>2,868,779</u> |
| Profit and loss account | | |
| At 1 January | 1,022,272 | 5,605,513 |
| Retained profit / (loss) for the year | 5,228,267 | (4,583,241) |
| At 31 December | <u>6,250,539</u> | <u>1,022,272</u> |

NOTES TO THE ACCOUNTS

for the year ended 31 December 2002

(continued)

15. CONTINGENT LIABILITY

The company, in conjunction with certain other group subsidiaries, is subject to claims and litigation arising out of the ordinary course of business. Although all claims are vigorously defended, provision is made where appropriate for potential liabilities that may arise in respect of claims and litigation notified to the company at the balance sheet date. In the event that such claims or litigation are found against the group companies, the company could be exposed to the extent that any liability and associated costs exceed provisions and amounts recoverable from the group's insurances.

16. PENSION COMMITMENTS

The company bears the total cost of a defined contribution pension scheme for all eligible employees (note 3). The assets of the scheme are held separately from those of the company and other group companies in independently administered funds.

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the disclosure exemptions in Financial Reporting Standard No.8 not to disclose transactions between entities, 90% or more of whose voting rights are controlled within the same group.

18. GUARANTEES

On 31 December 2001, the company entered into a supplemental deed under which a composite guarantee and a mortgage debenture given to National Westminster Bank plc ("NatWest") on 9 June 1999 would respectively guarantee the obligations of SBJ Group Limited, the ultimate parent company, and certain of its subsidiaries arising under a loan facility for £25,300,000 made available by NatWest to SBJ Group Limited and charge certain property by way of security for all its obligations to NatWest under the guarantee and the mortgage debenture. On 23 January 2002, the company entered into an intra group loan agreement with SBJ Group Limited and certain of its other subsidiaries under which it and those other subsidiaries agreed to making loans of up to an aggregate of £25,300,000 to SBJ Group Limited.

19. PARENT COMPANY

The parent company and controlling entity of Oldco (No.99) Limited is SBJ Group Limited, a company incorporated in Great Britain and registered in England and Wales. The largest and smallest group of which the company is a member and for which group accounts are drawn up is that of SBJ Group Limited.

A copy of the accounts can be obtained from:

The Secretary
SBJ Group Limited
One Hundred Whitechapel
London
E1 1JG

NOTES TO THE ACCOUNTS

for the year ended 31 December 2002
(continued)

20. DIRECTORS' INTERESTS

The directors' interests in the ultimate parent company's share capital as at 31 December 2002 are listed below.

| Directors | <u>SBJ Group Limited</u> <u>Participating Notes</u> <u>of £1 each</u> | | <u>SBJ Group Limited</u> <u>Fully paid ordinary shares</u> <u>of 1p each</u> | |
|------------------|--|---------------------|---|---------------------|
| | 1 January 2002 or date of appointment | 31 December 2002 | 1 January 2002 or date of appointment | 31 December 2002 |
| W M Barratt | 33,109 | - | 163,000 | 200,711 |
| C R S Birrell | 33,109 | - | 169,000 | 207,711 |
| G Boden | 49,588 | - | 222,070 | 276,842 |
| J A Clark | 46,231 | - | 163,964 | 215,205 |
| P Gray | 33,109 | - | 163,000 | 200,711 |

Each Participating Note conferred on the holder the right to subscribe for one ordinary share of 1p each in SBJ Group Limited, subject to conditions. The Participating Notes of each of the above directors were redeemed at par during the year under review and the redemption proceeds used to subscribe for one fully paid ordinary share of 1p at the rate of one share per Participating Note redeemed.

The following directors were also interested in Founders Shares of 1p each in SBJ Group Limited:

| Directors | <u>SBJ Group Limited</u> <u>Fully paid Founders Shares</u> <u>of 1p each</u> | |
|------------------|---|---------------------|
| | 1 January 2002 | 31 December 2002 |
| W M Barratt | - | 163 |
| C R S Birrell | - | 170 |
| G Boden | - | 221 |
| J A Clark | - | 164 |
| P Gray | - | 163 |

Except as referred to above and in the directors' report, none of the directors were interested in shares in options over shares in debentures of, the company or any other group company or any other group company.