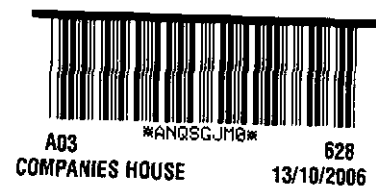


**Ken Randall Associates Limited**

**Annual Report and Financial Statements for the  
year ended 31 December 2005**

**The Company's registration number is 2712392**



**Annual Report and Financial Statements for the year ended 31 December 2005**

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**Directors and Advisers**

**Directors**

K. E. Randall  
A. K. Quilter

**Secretary**

J. Watt

**Registered Office**

9-13 Fenchurch Buildings  
London  
EC3M 5HR

**Bankers**

National Westminster Bank Plc  
City of London Office  
PO Box 12258  
1 Princes Street  
London  
EC2R 8PA

**Auditors**

CLB Littlejohn Frazer  
1 Park Place  
Canary Wharf  
London, E14 4HJ

**Registered Number**

2712392

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**Report of the Directors**  
**For the year ended 31 December 2005**

The Directors have pleasure in presenting their Report together with the audited financial statements for the year ended 31 December 2005

**Principal Activity**

The Company's principal activity during the year continued to be the holding company for Ludgate Insurance Company Limited ('Ludgate').

**Review of the Business and Future Developments**

The profit and loss account for the year ended 31 December 2005 is set out on page 6. The results for the Company are in line with those expected for the year.

The Company will continue to act as a holding company for the foreseeable future. Ludgate expects to conclude its solvent scheme of arrangement during 2006, after which it will consider its future activities.

**Dividends**

The Directors do not recommend the payment of a dividend for the year (2004: £Nil).

**Directors**

The present Directors are shown on page 1.

**Directors' Interests in Shares**

The Directors who held office on 31 December 2005 had no interests in the shares of the Company.

The interests of the Directors in the share capital of the ultimate parent undertaking are shown in that company's financial statements.

**Directors' and Officers' Liability Insurance**

As permitted by the Companies Act 1985, an insurance policy has been purchased on a Group basis which covers the Directors of the Company.

**Statement of Directors' Responsibilities**

Company law requires 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.

The Directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the financial statements. The Directors also confirm that applicable accounting standards have been followed subject to any material departures disclosed and explained in the notes to the financial statements.

**Report of the Directors****For the year ended 31 December 2005 (Continued)****Statement of Directors' Responsibilities (Continued)**

The Directors have prepared the financial statements on the going concern basis and have kept 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. The Directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board



J. Watt  
Company Secretary

7 April 2006

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**Independent Auditors' Report to the Shareholders of Ken Randall Associates Limited**

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We have audited the Financial Statements of Ken Randall Associates Limited for the year ended 31 December 2005 on pages 6 to 11 which comprise the Profit and Loss Account, the Balance Sheet and notes 1 to 14. These Financial Statements have been prepared under the *historical cost convention and the accounting policies set out therein*.

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective Responsibilities of Directors and Auditors**

As set out in the Statement of Directors' Responsibilities in the Directors' Report the company's directors are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

*Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).*

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 and other members of the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

**Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

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**Independent Auditors' Report to the Shareholders of Ken Randall Associates Limited  
(Continued)****Opinion**

In our opinion the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**CLB Littlejohn Frazer**  
Chartered Accountants  
and Registered Auditors

1 Park Place  
Canary Wharf  
London E14 4HJ

12 April 2006

**Profit and loss account****For the year ended 31 December 2005**

	Notes	2005 £	2004 £
Net operating expenses		<u>(2,621)</u>	<u>(2,611)</u>
Loss on ordinary activities before interest	2	(2,621)	(2,611)
Interest receivable	5	<u>1</u>	<u>2</u>
Loss on ordinary activities before taxation		(2,620)	(2,609)
Taxation on loss on ordinary activities	6	-	783
Loss on ordinary activities after taxation		(2,620)	(1,826)
Retained profit brought forward		<u>25,023</u>	<u>26,849</u>
Retained profit carried forward		<u>22,403</u>	<u>25,023</u>

The Company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses is produced.

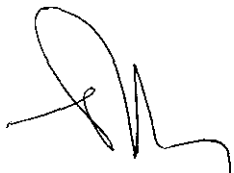
The accounting policies and notes on pages 8 to 11 form part of these financial statements.



**Balance sheet**  
**As at 31 December 2005**

	Note	2005 £	2004 £
<b>Fixed Assets</b>			
Investments	7	1	1
<b>Current Assets</b>			
Debtors	8	26,924	28,458
Cash at bank and in hand		<u>35</u>	<u>120</u>
		26,959	28,578
<b>Creditors: amounts falling due within one year</b>	9	<u>(4,457)</u>	<u>(3,456)</u>
<b>Net current assets</b>		<u>22,502</u>	<u>25,122</u>
<b>Total net assets</b>		<u>22,503</u>	<u>25,123</u>
<b>Capital and Reserves</b>			
Called up share capital	10	100	100
Profit and loss account		<u>22,403</u>	<u>25,023</u>
<b>Equity Shareholders' funds</b>		<u>22,503</u>	<u>25,123</u>

The financial statements were approved by the Board of Directors on 7 April 2006 and were signed on its behalf by;



**K.E. Randall**  
Director

The accounting policies and notes on pages 8 to 11 form part of these financial statements.

**Notes to the financial statements**  
**For the year ended 31 December 2005**

**1. Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Basis of accounting**

The financial statements are prepared under the historical cost basis of accounting.

**Fixed asset investments**

Fixed asset investments are stated at cost, including acquisition costs, less provisions for any impairment in value.

**Group financial statements**

The results of the Company's subsidiary have been incorporated in the consolidated financial statements of the Company's ultimate parent undertaking at 31 December 2004, and are therefore not required to be included in the consolidated financial statements of the Company. These financial statements present information about the Company as an individual undertaking and not about its Group.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

All differences are dealt with through the profit and loss account.

**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 tax rates and law.

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 have not been discounted.

**2. Loss on ordinary activities before interest**

*This is stated after charging*

Auditors' Remuneration

- for audit

- for other services

**2005**

**£**

1,000

-

**2004**

**£**

1,000

-

**Notes to the financial statements**  
**For the year ended 31 December 2005 (Continued)**

**3. Staff costs (including Directors)**

The Company incurred no staff costs in the year (2004: £nil)

	<b>2005 No.</b>	<b>2004 No.</b>
Average number of Directors and employees:		
Directors and management	<u>2</u>	<u>2</u>

**4. Directors' emoluments**

The Company incurred no Directors' emoluments in the year  
(2004: £nil)

**5. Interest receivable**

	<b>2005 £</b>	<b>2004 £</b>
Bank interest	<u>1</u>	<u>2</u>

**6. Taxation**

	<b>2005 £</b>	<b>2004 £</b>
<b>Analysis of charge in year</b>		
UK corporation tax on loss for the year	-	-
Group relief receivable	<u>-</u>	<u>(783)</u>
Current tax	<u>-</u>	<u>(783)</u>

**Factors affecting tax charge for year**

The current tax for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	<b>2005 £</b>	<b>2004 £</b>
Loss on ordinary activities before tax	<u>(2,620)</u>	<u>(2,609)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	(786)	(783)
Effects of:		
Unrelieved losses	<u>786</u>	<u>-</u>
Current tax charge for the year	<u>-</u>	<u>(783)</u>

**Notes to the financial statements**  
**For the year ended 31 December 2005 (Continued)**

**7. Fixed assets – investments**

**Ludgate**  
**Ord. shares**  
**£**

**Cost**

At 1 January and 31 December 2005

1
1

**Provisions**

At 1 January and 31 December 2005

-
-

**Net book value**

At 31 December 2005 and 31 December 2004

1
---

The Company owns more than 20% of the share capital of the following company:

Name	Nature of Business	Country of Registration	Shares Held Class %	Share Capital and Reserves	Latest loss for Period	Latest Available Financial Statements
Ludgate Insurance Company Limited.	Insurance	England & Wales	Ordinary Shares 100%	US\$2,431,241 @1.77/£1 £1,373,582	US\$770,177 @1.77/£1 £435,128	Audited year ended 31 December 2005

**8. Debtors**

**2005**  
**£**

**2004**  
**£**

Amounts due from group undertakings  
Group relief receivable

26,141	27,675
783	783
26,924	28,458

**9. Creditors: amounts falling due within one year**

**2005**  
**£**

**2004**  
**£**

Amounts due to group undertakings  
Accruals and other creditors

1,957	1,956
2,500	1,500
4,457	3,456

**10. Called up share capital**

**2005**  
**£**

**2004**  
**£**

Authorised  
100 £1 Ordinary Shares

100	100
-----	-----

Allotted, called up and fully paid:  
100 £1 Ordinary Shares

100	100
-----	-----

**Notes to the financial statements****For the year ended 31 December 2005 (Continued)**

<b>11. Reconciliation of movement in Shareholders Funds</b>	<b>2005 £</b>	<b>2004 £</b>
Loss for the financial year	(2,620)	(1,826)
Opening shareholders funds	25,123	26,949
Closing Shareholders funds	<u>22,503</u>	<u>25,123</u>

**12. Capital commitments**

There were no capital commitments at 31 December 2005 (2004: £Nil).

**13. Related party transactions**

The Company is a wholly owned subsidiary of and is controlled by Randall & Quilter Investment Holdings Limited. It has taken advantage of provisions in Financial Reporting Standard No 8 which allows the Company not to disclose transactions with other consolidated group companies qualifying as related parties.

There are no other related party transactions that require disclosure.

**14. Ultimate parent undertaking**

Group financial statements are drawn up by the parent and ultimate parent undertaking, Randall & Quilter Investment Holdings Limited, a company registered in England & Wales, and can be obtained from 9-13 Fenchurch Buildings, London EC3M 5HR.