

CHRISTIE BROCKBANK SHIPTON LIMITED

Report and Financial Statements

Christie Brockbank Shipton Limited

Registered Number: 2829315

31 December 2002



CHRISTIE BROCKBANK SHIPTON LIMITED

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CHRISTIE BROCKBANK SHIPTON LIMITED

Report of the Directors

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

Review of the Business and Future Developments

The activities of the business were transferred to CBS Private Capital Ltd a fellow subsidiary of CBS Insurance Holdings PLC, at 1 January 2001. Previously Christie Brockbank Shipton Limited had acted as a Lloyd's members' agent.

Results and Dividends

The results for the year and the state of the company's affairs as at 31 December 2002 are shown in the financial statements. The directors do not recommend the payment of a dividend (2001:£2.65 million).

Directors

The following have served as directors during the period from 1 January 2002 to the date of this report.

Mrs FMT Bennett	
NJ d'Ambrumenil	(resigned 18/4/02)
DJ Ewart	(resigned 18/4/02)
CAA Harbord-Hamond	
Mrs EL Royds	(resigned 18/4/02)
TH Holbech	(resigned 3/7/02)
MA Lee	(resigned 18/4/02)
AJ Sparrow	(resigned 18/4/02)
MJB Watson	(resigned 9/5/03)
AT Wood	(resigned 18/4/02)
GJ White	(resigned 18/4/02)

Directors' Interests

No director has had an interest in the shares of the company in 2001 or 2002. The interests in the shares of CBS Insurance Holdings PLC of DJ Ewart, CAA Harbord-Hamond, EL Royds, TH Holbech, AJ Sparrow, MJB Watson and GJ White are disclosed in the directors' report of that company of which they are also directors. The interests of Mrs FMT Bennett are disclosed below:

	CBS Insurance Holdings PLC		Options in CBS Insurance Holdings PLC		Sharesave Scheme Options	
	10p Ordinary Shares		shares		in CBSIH	
	at 31.12.02	at 31.12.01	at 31.12.02	at 31.12.01	at 31.12.02	at 31.12.01
Mrs FMT Bennett	-	-	100,000	100,000	-	-

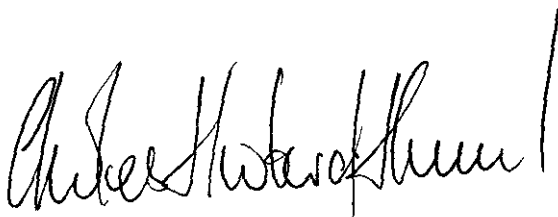
CHRISTIE BROCKBANK SHIPTON LIMITED

Report of the Directors (continued)

The share options were granted under an approved share option scheme.

The options are exercisable before 24 January 2011 at an exercise price of £1.06 per share. No options were exercised during the year.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'CAA Harbord-Hamond', written in a cursive style.

CAA Harbord-Hamond
Director
Peninsular House
36 Monument Street
London EC3R 8LJ

28 May 2003

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 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.

Independent auditor's report to the members of Christie Brockbank Shipton Limited

We have audited the financial statements on pages 5 to 9.

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

The directors are responsible for preparing the directors' report and, as described on page 3, 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 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.

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 2002 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
Chartered Accountants
Registered Auditor
London

28 May 2003

CHRISTIE BROCKBANK SHIPTON LIMITED

Profit and Loss Account for the year ended 31 December 2002

	Note	12 months to 31.12.02 £	12 months to 31.12.01 £
Administrative expenses		<u>(2,626)</u>	<u>(37,666)</u>
OPERATING LOSS	2	(2,626)	(37,666)
Dividends receivable		-	21,259
Interest receivable		<u>22,701</u>	<u>12,914</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		20,075	(3,493)
Taxation on profit/(loss) on ordinary activities	4	<u>(6,022)</u>	<u>(15,915)</u>
		14,053	(19,408)
Dividends	5	<u>-</u>	<u>(2,650,000)</u>
RETAINED PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	10	<u>14,053</u>	<u>(2,669,408)</u>

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

CHRISTIE BROCKBANK SHIPTON LIMITED

Balance Sheet as at 31 December 2002

	Note	31.12.02 £	31.12.01 £
FIXED ASSETS			
Investments	6	<u>1,000</u>	<u>1,000</u>
		1,000	1,000
CURRENT ASSETS			
Debtors	7	640,823	976,349
Cash at bank		<u>3,475</u>	<u>76,932</u>
		644,298	1,053,281
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
	8	<u>5,170</u>	<u>428,206</u>
NET CURRENT ASSETS		639,128	625,075
NET ASSETS		<u>640,128</u>	<u>626,075</u>
CAPITAL AND RESERVES			
Called up share capital	9	392,936	392,936
Share premium	10	190,119	190,119
Profit and loss account	10	57,073	43,020
EQUITY SHAREHOLDERS' FUNDS		<u>640,128</u>	<u>626,075</u>

Approved by the board on 28 May 2003 and signed on its behalf by



CAA Harbord-Hamond
Director

CHRISTIE BROCKBANK SHIPTON LIMITED

Notes to the Financial Statements for the year ended 31 December 2002

1. Accounting Policies

- a) The financial statements are prepared under the historical cost convention and in accordance with applicable Financial Reporting Standards and Statements of Standard Accounting Practice.
- b) Investment income is dealt with on an accruals basis.
- c) Other income and expenses are dealt with on an accruals basis.
- d) Group accounts have not been prepared because the company is an intermediate parent company. The results of the company and its subsidiaries have been consolidated into the accounts of the ultimate parent company, CBS Insurance Holdings PLC.
- e) The company has relied on the exemption given in Financial Reporting Standard 1 (Revised) not to prepare a cashflow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.
- f) 100% of the company's voting rights are owned by CBS Insurance Holdings PLC; therefore the company has taken advantage of the exemption given in Financial Reporting Standard 8 not to disclose transactions with entities that are part of the group and qualify as related parties.
- g) The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2. Operating Loss

Operating Loss is stated after charging:

	12 months To 31.12.02 £	12 months to 31.12.01 £
Auditor's remuneration - audit fee	1,500	2,000
- non audit	1,000	1,850
Introducers' fees	-	501
Investment write off	-	30,083

3. Directors' Emoluments & Transactions

The directors did not receive any remuneration in respect of the work performed for the company during the year.

CHRISTIE BROCKBANK SHIPTON LIMITED

Notes to the Financial Statements for the year ended 31 December 2002 (continued)

4. Taxation On Profit/(Loss) On Ordinary Activities

	12 months to 31.12.02 £	12 months to 31.12.01 £
i) Analysis of tax charge in the year		
UK corporation tax at 30%	(6,022)	(2,198)
Adjustments to prior period	-	(13,717)
	<u>(6,022)</u>	<u>(15,915)</u>
ii) Factors affecting tax charge for the year		
Profit/(loss) on ordinary activities for the year	<u>20,075</u>	<u>(3,493)</u>
Tax charge at 30%	(6,022)	1,048
Effects of:		
Dividends received	-	6,378
Capital loss carried forward to future periods	-	(9,025)
Other adjustments	-	(599)
Adjustments to tax charge in respect of previous periods	-	(13,717)
	<u>(6,022)</u>	<u>(15,915)</u>

5. Dividends Paid and Proposed

	Year ended 31.12.02 £	Year ended to 31.12.01 £
Ordinary shares - nil per share (2001: £6.74 per share)	-	2,650,000
	<u>-</u>	<u>2,650,000</u>

6. Fixed Asset Investments

Shares in subsidiary undertakings

	£
Cost or valuation:	
At 1 January 2002	112,514
Disposal	(111,514)
At 31 December 2002	<u>1,000</u>
Provision for Diminution in Value	
At 1 January 2002	111,514
Release on disposal	(111,514)
At 31 December 2002	<u>-</u>
Net book value	
At 31 December 2001	<u>1,000</u>
At 31 December 2002	<u>1,000</u>

The sale of Chatset Limited was completed on 18 April 2002 (with effect from 1 January 2002).

The subsidiary company listed below was registered in England and Wales at 31 December 2002.

Name	Business	Percentage Owned	Shares
CBS Analysts Limited	Lloyd's Syndicate Analysts	100% #	Ordinary

dormant company

CHRISTIE BROCKBANK SHIPTON LIMITED

Notes to the Financial Statements for the year ended 31 December 2002 (continued)

7. Debtors

	31.12.02 £	31.12.01 £
Amounts due from group undertakings	640,823	653,505
Corporation tax	-	322,844
	<u>640,823</u>	<u>976,349</u>

8. Creditors

	31.12.02 £	31.12.01 £
Amounts falling due within one year:		
Amounts due to group undertakings	1,000	425,406
Accruals & deferred income	3,700	2,800
Other Creditors	470	-
	<u>5,170</u>	<u>428,206</u>

9. Share Capital

	31.12.02 £	31.12.01 £
Authorised:		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
392,936 ordinary shares of £1 each	<u>392,936</u>	<u>392,936</u>

10. Reconciliation of Movements in Shareholders' Funds

	Share Capital £	Share Premium £	Profit & Loss Account £	Total Share- holders' Funds £
Balance at 1 January 2002	392,936	190,119	43,020	626,075
Profit for the year	-	-	14,053	14,053
Balance at 31 December 2002	<u>392,936</u>	<u>190,119</u>	<u>57,073</u>	<u>640,128</u>

11. Contingent Liabilities

- i) The company is party to a guarantee given to CBS Underwriting Ltd, CBS Underwriting 2001 Ltd and CBS Underwriting 2002 PLC (fellow subsidiaries), in respect of the letters of credit supporting their Funds at Lloyd's.
- ii) The company was notified in August 2002 of a Tier 1 Lloyd's arbitration against it. In the event that the defence of the arbitration is unsuccessful the company believes that the maximum liability will not exceed £75,000.

12. Ultimate Parent Company

The company is a subsidiary of CBS Insurance Holdings PLC, a company registered in England & Wales. The company's results are consolidated in the group accounts of CBS Insurance Holdings PLC, copies of which are available at Peninsular House, 36 Monument Street, London EC3R 8LJ.