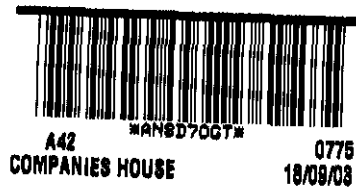


**Report of the Director and
Financial Statements
for the year ended 31st December 2002
for
STRUCTURED RISK PRODUCTS LIMITED**



STRUCTURED RISK PRODUCTS LIMITED

Contents of the Financial Statements for the year ended 31st December 2002

	Page
Company Information	1
Report of the Director	2
Report of the Independent Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Cash Flow Statement	8
Notes to the Financial Statements	10
Trading and Profit and Loss Account	16

STRUCTURED RISK PRODUCTS LIMITED

**Company Information
for the year ended 31st December 2002**

DIRECTOR:	N S R Edwards
SECRETARY:	Emco (Nominees) Limited
REGISTERED OFFICE:	10th Floor One America Square Crosswall LONDON EC3N 2PR
REGISTERED NUMBER:	3220676 (England and Wales)
AUDITORS:	Simpson Wreford & Partners Chartered Accountants Registered Auditors Suffolk House George Street Croydon CR0 0YN
SOLICITORS:	Elborne Mitchell One America Square Crosswall London EC3N 2PR

STRUCTURED RISK PRODUCTS LIMITED

Report of the Director for the year ended 31st December 2002

The director presents his report with the financial statements of the company for the year ended 31st December 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of risk structuring and arranging transactions relating to insurance, reinsurance risk financing and investment business.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

During the year, the company successfully completed transactions involving risk management structures, corporate finance and the arrangement of acquisition finance.

DIVIDENDS

Interim dividends per share were paid as follows:

£27.50	- 29th May 2002
£2700.00	- 15th August 2002
<u>£2727.50</u>	

The director recommends that no final dividend be paid.

The total distribution of dividends for the year ended 31st December 2002 will be £272,750.

DIRECTOR

N S R Edwards was the sole director during the year under review.

His beneficial interest in the issued share capital of the company was as follows:

	31.12.02	1.1.02
Ordinary £1 shares	100	100

The above shareholding includes both those shares to which the director is beneficially entitled, and his family interests.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is 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 followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

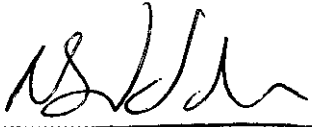
STRUCTURED RISK PRODUCTS LIMITED

**Report of the Director
for the year ended 31st December 2002**

AUDITORS

The auditors, Simpson Wreford & Partners, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
N S R Edwards - DIRECTOR

Dated: *31st March 2003*

STRUCTURED RISK PRODUCTS LIMITED

Report of the Independent Auditors to the Shareholders of Structured Risk Products Limited

We have audited the financial statements of Structured Risk Products Limited for the year ended 31st December 2002 on pages five to fifteen. 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 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 director and auditors

As described on page two the company's director is responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you if, in our opinion, the Report of the Director 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 director's remuneration and transactions with the company is not disclosed.

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

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 director 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 31st December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Simpson Wreford & Partners

Simpson Wreford & Partners
Chartered Accountants
Registered Auditors
Suffolk House
George Street
Croydon CR0 0YN

Dated: *31st March 2003*

STRUCTURED RISK PRODUCTS LIMITED

Profit and Loss Account for the year ended 31st December 2002

		2002	2001
	Notes	£	£
TURNOVER		1,628,585	351,438
Cost of sales		573,766	29,375
GROSS PROFIT		1,054,819	322,063
Administrative expenses		505,309	316,503
OPERATING PROFIT	3	549,510	5,560
Interest receivable and similar income		13,208	9,559
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		562,718	15,119
Tax on profit on ordinary activities	4	145,033	2,326
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		417,685	12,793
Dividends	5	272,750	25,000
		144,935	(12,207)
Retained profit brought forward		272,589	284,796
RETAINED PROFIT CARRIED FORWARD		£417,524	£272,589

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

STRUCTURED RISK PRODUCTS LIMITED

Balance Sheet 31st December 2002

		2002		2001	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		5,423		9,012
Investments	7		30		10
			<u>5,453</u>		<u>9,022</u>
CURRENT ASSETS:					
Debtors	8	3,467		28,335	
Cash at bank		698,402		277,883	
		<u>701,869</u>		<u>306,218</u>	
CREDITORS: Amounts falling due within one year	9	289,698		42,551	
NET CURRENT ASSETS:			<u>412,171</u>		<u>263,667</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>£417,624</u>		<u>£272,689</u>
CAPITAL AND RESERVES:					
Called up share capital	11		100		100
Profit and loss account			417,524		272,589
SHAREHOLDERS' FUNDS:	15		<u>£417,624</u>		<u>£272,689</u>

ON BEHALF OF THE BOARD:



N S R Edwards - DIRECTOR

Approved by the Board on 31st March 2003

STRUCTURED RISK PRODUCTS LIMITED

Cash Flow Statement for the year ended 31st December 2002

		2002	2001
	Notes	£	£
Net cash inflow from operating activities	1	683,517	5,010
Returns on investments and servicing of finance	2	13,208	9,559
Taxation		(2,334)	(32,492)
Capital expenditure and financial investment	2	(2,313)	(9,008)
Equity dividends paid		(272,750)	(25,000)
		<u>419,328</u>	<u>(51,931)</u>
Financing	2	1,191	(275)
Increase/(Decrease) in cash in the period		<u>£420,519</u>	<u>£(52,206)</u>
Reconciliation of net cash flow to movement in net funds	3		
Increase/(Decrease) in cash in the period		<u>420,519</u>	<u>(52,206)</u>
Change in net funds resulting from cash flows		<u>420,519</u>	<u>(52,206)</u>
Movement in net funds in the period		<u>420,519</u>	<u>(52,206)</u>
Net funds at 1st January		<u>277,883</u>	<u>330,089</u>
Net funds at 31st December		<u>£698,402</u>	<u>£277,883</u>

The notes form part of these financial statements

STRUCTURED RISK PRODUCTS LIMITED

Notes to the Cash Flow Statement for the year ended 31st December 2002

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	549,510	5,560
Depreciation charges	5,882	7,415
Loss on sale of fixed assets	-	1,167
Decrease in debtors	24,868	16,272
Increase/(Decrease) in creditors	103,257	(25,404)
Net cash inflow from operating activities	<u>683,517</u>	<u>5,010</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	13,208	9,559
Net cash inflow for returns on investments and servicing of finance	<u>13,208</u>	<u>9,559</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,293)	(9,148)
Cash payments - investmt purch	(20)	(10)
Sale of tangible fixed assets	-	150
Net cash outflow for capital expenditure	<u>(2,313)</u>	<u>(9,008)</u>
Financing		
Amount introduced by directors	1,191	-
Amount withdrawn by directors	-	(275)
Net cash inflow/(outflow) from financing	<u>1,191</u>	<u>(275)</u>

STRUCTURED RISK PRODUCTS LIMITED

Notes to the Cash Flow Statement for the year ended 31st December 2002

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.02 £	Cash flow £	At 31.12.02 £
Net cash:			
Cash at bank	<u>277,883</u>	<u>420,519</u>	<u>698,402</u>
	<u>277,883</u>	<u>420,519</u>	<u>698,402</u>
 Total	 <u>277,883</u>	 <u>420,519</u>	 <u>698,402</u>
 Analysed in Balance Sheet			
 Cash at bank	 <u>277,883</u>		 <u>698,402</u>
	<u>277,883</u>		<u>698,402</u>

STRUCTURED RISK PRODUCTS LIMITED

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

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Commissions receivable are taken to credit in the period in which invoices are rendered. In all cases this is irrespective of the inception date or period of the insurance policies or investment. Alterations in brokerage income arising from premium adjustments are taken into account as and when these are made.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office equipment	- 20% on cost
Computer equipment	- 33% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Basis of consolidation

These accounts present information about the company as an individual undertaking and not about its group. No consolidation has been prepared on the basis of the immateriality of the dormant subsidiary undertakings.

2. STAFF COSTS

	2002 £	2001 £
Wages and salaries	350,443	188,400
Social security costs	39,763	21,063
Other pension costs	50,000	44,418
	<u>440,206</u>	<u>253,881</u>

The average monthly number of employees during the year was as follows:

	2002	2001
Management and administration	<u>3</u>	<u>3</u>

STRUCTURED RISK PRODUCTS LIMITED

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

3. OPERATING PROFIT

The operating profit is stated after charging:

	2002	2001
	£	£
Depreciation - owned assets	5,882	7,415
Loss on disposal of fixed assets	-	1,167
Auditors' remuneration	4,666	2,832
Auditors' other services	5,143	4,101
Operating leases - property	12,193	14,000
	<u> </u>	<u> </u>
Director's emoluments	97,200	95,400
Director's pension contributions to money purchase schemes	34,611	30,747
	<u> </u>	<u> </u>

The number of directors to whom retirement benefits were accruing was as follows:

	1	1
	<u> </u>	<u> </u>
Money purchase schemes		

4. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2002	2001
	£	£
Current tax:		
UK corporation tax	145,033	2,334
Previous year overprovision	-	(8)
	<u> </u>	<u> </u>
Total current tax	145,033	2,326
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	145,033	2,326
	<u> </u>	<u> </u>

UK corporation tax has been charged at 25.57% (2001 - 14.65%).

STRUCTURED RISK PRODUCTS LIMITED

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

4. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	<u>562,718</u>	<u>15,119</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25.58% (2001 - 14.65%)	143,943	2,215
Effects of:		
Expenses disallowed for corporation tax purposes	357	672
Excess/(deficit) of depreciation over capital allowances	733	(553)
Prior period adjustment	-	(8)
Current tax charge	<u>145,033</u>	<u>2,326</u>

5. DIVIDENDS

	2002 £	2001 £
Equity shares: Dividend paid	<u>272,750</u>	<u>25,000</u>

6. TANGIBLE FIXED ASSETS

	Office equipment £	Computer equipment £	Totals £
COST:			
At 1st January 2002	13,041	20,530	33,571
Additions	<u>1,794</u>	<u>499</u>	<u>2,293</u>
At 31st December 2002	<u>14,835</u>	<u>21,029</u>	<u>35,864</u>
DEPRECIATION:			
At 1st January 2002	9,955	14,604	24,559
Charge for year	<u>2,762</u>	<u>3,120</u>	<u>5,882</u>
At 31st December 2002	<u>12,717</u>	<u>17,724</u>	<u>30,441</u>
NET BOOK VALUE:			
At 31st December 2002	<u>2,118</u>	<u>3,305</u>	<u>5,423</u>
At 31st December 2001	<u>3,086</u>	<u>5,926</u>	<u>9,012</u>

STRUCTURED RISK PRODUCTS LIMITED

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

7. FIXED ASSET INVESTMENTS

		£
COST:		
At 1st January 2002		10
Additions		20
		—
At 31st December 2002		30
		—
NET BOOK VALUE:		
At 31st December 2002		30
		==
At 31st December 2001		10
		==
	2002	2001
	£	£
Unlisted investments	30	10
	==	==

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

SRP PCC Insurance Limited

Country of incorporation: Guernsey

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Equity Release Limited

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

During the year, the company received shares as part consideration for one of its transactions. These shares are illiquid, non-marketable and considered unlikely to deliver capital or income benefits in the foreseeable future. Accordingly, they have been included in the accounts at their nominal value of £20.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Trade debtors	-	21,741
Other debtors	-	1,750
Prepayments	3,467	4,844
	—	—
	3,467	28,335
	—	—

STRUCTURED RISK PRODUCTS LIMITED

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

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Directors current accounts	1,191	-
Other creditors	95,327	24,007
Social security & other taxes	20,350	11,345
Taxation	145,033	2,334
Accrued expenses	27,797	4,865
	<u>289,698</u>	<u>42,551</u>

10. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

	2002	Land and buildings operating leases	2001
	£		£
Expiring:			
Within one year	4,600		-
Between one and five years	-		12,972
	<u>4,600</u>		<u>12,972</u>

11. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2002	2001
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

12. PENSION COMMITMENTS

The company operates a defined contribution pension scheme in respect of the director and certain employees. Contributions to the scheme during the year are disclosed in note 2. There were no outstanding or prepaid contributions at the balance sheet date.

13. ULTIMATE PARENT COMPANY

The company is beneficially owned and controlled by the director.

14. TRANSACTIONS WITH DIRECTOR

The director paid for certain company expenses personally during the year. As at the balance sheet date, the company owed him £1,191 in respect of these transactions.

STRUCTURED RISK PRODUCTS LIMITED

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

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the financial year	417,685	12,793
Dividends	(272,750)	(25,000)
	<hr/>	<hr/>
Net addition/(reduction) to shareholders' funds	144,935	(12,207)
Opening shareholders' funds	272,689	284,896
	<hr/>	<hr/>
Closing shareholders' funds	417,624	272,689
	<hr/>	<hr/>
Equity interests	417,624	272,689
	<hr/>	<hr/>