

REGISTERED NUMBER: 3220676 (England and Wales)

Register of Companies

**Report of the Director and
Financial Statements
for the year ended 31st December 2001
for
STRUCTURED RISK PRODUCTS LIMITED**



STRUCTURED RISK PRODUCTS LIMITED

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STRUCTURED RISK PRODUCTS LIMITED

**Company Information
for the year ended 31st December 2001**

DIRECTOR:	N S R Edwards
SECRETARY:	Emco (Nominees) Limited
REGISTERED OFFICE:	10th Floor One America Square Crosswall London EC3N 2LB
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 2LB

STRUCTURED RISK PRODUCTS LIMITED

Report of the Director for the year ended 31st December 2001

The director presents his report with the financial statements of the company for the year ended 31st December 2001.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of consultancy and transaction management 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.

DIVIDENDS

Interim dividends per share were paid as follows:

£50	- 20th June 2001
£200	- 11th September 2001
<hr/>	
£250	
<hr/>	

The director recommends that no final dividend be paid.

The total distribution of dividends for the year ended 31st December 2001 will be £25,000.

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:

	31.12.01	1.1.01
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 2001**

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:

A handwritten signature in dark ink, appearing to be 'NSR Edwards', written over a horizontal line.

N S R Edwards - DIRECTOR

Dated: 22nd March 2002

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 2001 on pages five to fourteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 2001 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: 22nd March 2002

STRUCTURED RISK PRODUCTS LIMITED

Profit and Loss Account for the year ended 31st December 2001

		2001	2000
	Notes	£	£
TURNOVER		351,438	452,706
Cost of sales		29,375	29,669
GROSS PROFIT		322,063	423,037
Administrative expenses		316,503	270,491
OPERATING PROFIT	3	5,560	152,546
Interest receivable and similar income		9,559	5,786
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		15,119	158,332
Tax on profit on ordinary activities	4	2,326	32,316
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		12,793	126,016
Dividends	5	25,000	-
		(12,207)	126,016
Retained profit brought forward		284,796	158,780
RETAINED PROFIT CARRIED FORWARD		<u>£272,589</u>	<u>£284,796</u>

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 2001**

		<u>2001</u>		<u>2000</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		9,012		8,596
Investments	7		<u>10</u>		<u>-</u>
			9,022		8,596
CURRENT ASSETS:					
Debtors	8	28,335		44,607	
Cash at bank		<u>277,883</u>		<u>330,089</u>	
		306,218		374,696	
CREDITORS: Amounts falling due within one year	9	<u>42,551</u>		<u>98,396</u>	
NET CURRENT ASSETS:			<u>263,667</u>		<u>276,300</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u><u>£272,689</u></u>		<u><u>£284,896</u></u>
CAPITAL AND RESERVES:					
Called up share capital	11		100		100
Profit and loss account			<u>272,589</u>		<u>284,796</u>
SHAREHOLDERS' FUNDS:	12		<u><u>£272,689</u></u>		<u><u>£284,896</u></u>

ON BEHALF OF THE BOARD:



N S R Edwards - DIRECTOR

Approved by the Board on 22nd March 2002

The notes form part of these financial statements

STRUCTURED RISK PRODUCTS LIMITED

**Cash Flow Statement
for the year ended 31st December 2001**

		2001	2000
	Notes	£	£
Net cash inflow from operating activities	1	5,010	121,963
Returns on investments and servicing of finance	2	9,559	5,786
Taxation		(32,492)	(24,816)
Capital expenditure and financial investment	2	(9,008)	(614)
Equity dividends paid		(25,000)	-
		<u>(51,931)</u>	<u>102,319</u>
Financing	2	(275)	(534)
(Decrease)/Increase in cash in the period		<u><u>£(52,206)</u></u>	<u><u>£101,785</u></u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/Increase in cash in the period		<u>(52,206)</u>	<u>101,785</u>
Change in net funds resulting from cash flows		<u>(52,206)</u>	<u>101,785</u>
Movement in net funds in the period		<u>(52,206)</u>	<u>101,785</u>
Net funds at 1st January		<u>330,089</u>	<u>228,304</u>
Net funds at 31st December		<u><u>£277,883</u></u>	<u><u>£330,089</u></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 2001

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

	2001 £	2000 £
Operating profit	5,560	152,546
Depreciation charges	7,415	7,073
Loss on sale of fixed assets	1,167	-
Decrease/(Increase) in debtors	16,272	(41,756)
(Decrease)/Increase in creditors	(25,404)	4,100
	<u> </u>	<u> </u>
Net cash inflow from operating activities	<u>5,010</u>	<u>121,963</u>

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

	2001 £	2000 £
Returns on investments and servicing of finance		
Interest received	9,559	5,786
	<u> </u>	<u> </u>
Net cash inflow for returns on investments and servicing of finance	<u>9,559</u>	<u>5,786</u>
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(9,148)	(614)
Cash payments - investmt purch	(10)	-
Sale of tangible fixed assets	150	-
	<u> </u>	<u> </u>
Net cash outflow for capital expenditure	<u>(9,008)</u>	<u>(614)</u>
 Financing		
Amount withdrawn by directors	(275)	(534)
	<u> </u>	<u> </u>
Net cash outflow from financing	<u>(275)</u>	<u>(534)</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 2001

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.01 £	Cash flow £	At 31.12.01 £
Net cash:			
Cash at bank	330,089	(52,206)	277,883
	<u>330,089</u>	<u>(52,206)</u>	<u>277,883</u>
Total	<u>330,089</u>	<u>(52,206)</u>	<u>277,883</u>
Analysed in Balance Sheet			
Cash at bank	330,089		277,883
	<u>330,089</u>		<u>277,883</u>

The notes form part of these financial statements

STRUCTURED RISK PRODUCTS LIMITED

Notes to the Financial Statements for the year ended 31st December 2001

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 taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the director, there is reasonable probability that the liability will not arise in the foreseeable future.

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

No consolidation has been prepared on the basis of the immateriality of the dormant subsidiary undertakings.

2. STAFF COSTS

	2001	2000
	£	£
Wages and salaries	188,400	135,399
Social security costs	21,063	15,211
Other pension costs	44,418	51,714
	<u>253,881</u>	<u>202,324</u>

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

	2001	2000
Management and administration	<u>3</u>	<u>2</u>

STRUCTURED RISK PRODUCTS LIMITED

Notes to the Financial Statements for the year ended 31st December 2001

3. OPERATING PROFIT

The operating profit is stated after charging:

	2001	2000
	£	£
Depreciation - owned assets	7,415	7,073
Loss on disposal of fixed assets	1,167	-
Auditors' remuneration	2,832	2,044
Auditors' other services	4,101	7,150
Operating leases - property	7,000	7,000
	<u> </u>	<u> </u>
Director's emoluments	95,400	91,800
Director's pension contributions to money purchase schemes	30,747	39,346
	<u> </u>	<u> </u>

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

	2001	2000
Money purchase schemes	<u>1</u>	<u>1</u>

4. TAXATION

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

	2001	2000
	£	£
UK corporation tax	2,334	32,500
Previous year overprovision	(8)	(184)
	<u>2,326</u>	<u>32,316</u>

UK corporation tax has been charged at 14.65% (2000 - 20%).

5. DIVIDENDS

	2001	2000
	£	£
Equity shares:		
Dividend paid	<u>25,000</u>	<u>-</u>

STRUCTURED RISK PRODUCTS LIMITED

Notes to the Financial Statements for the year ended 31st December 2001

6. TANGIBLE FIXED ASSETS

	Office equipment	Computer equipment	Totals
	£	£	£
COST:			
At 1st January 2001	15,005	15,371	30,376
Additions	555	8,593	9,148
Disposals	(2,519)	(3,434)	(5,953)
At 31st December 2001	13,041	20,530	33,571
DEPRECIATION:			
At 1st January 2001	8,549	13,231	21,780
Charge for year	2,608	4,807	7,415
Eliminated on disposals	(1,202)	(3,434)	(4,636)
At 31st December 2001	9,955	14,604	24,559
NET BOOK VALUE:			
At 31st December 2001	3,086	5,926	9,012
At 31st December 2000	6,456	2,140	8,596

7. FIXED ASSET INVESTMENTS

	£
COST:	
Additions	10
At 31st December 2001	10
NET BOOK VALUE:	
At 31st December 2001	10
	2001
	£
Unlisted investments	10
	2000
	£
	-

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:	%
Ordinary	holding
	100.00

STRUCTURED RISK PRODUCTS LIMITED

Notes to the Financial Statements for the year ended 31st December 2001

7. FIXED ASSET INVESTMENTS - continued

Equity Release Limited

Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Trade debtors	21,741	41,619
Other debtors	1,750	1,750
Prepayments	4,844	1,238
	<u>28,335</u>	<u>44,607</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Directors current accounts	-	275
Other creditors	24,007	17,534
Social security & other taxes	11,345	36,982
Taxation	2,334	32,500
Accrued expenses	4,865	11,105
	<u>42,551</u>	<u>98,396</u>

10. OBLIGATIONS UNDER LEASING AGREEMENTS

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

	Operating leases	
	2001 £	2000 £
Expiring: Between one and five years	<u>12,972</u>	<u>7,000</u>

11. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2001 £	2000 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

STRUCTURED RISK PRODUCTS LIMITED

**Notes to the Financial Statements
for the year ended 31st December 2001**

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Profit for the financial year	12,793	126,016
Dividends	(25,000)	-
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(12,207)	126,016
Opening shareholders' funds	284,896	158,880
	<hr/>	<hr/>
Closing shareholders' funds	272,689	284,896
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Equity interests	272,689	284,896
	<hr/>	<hr/>