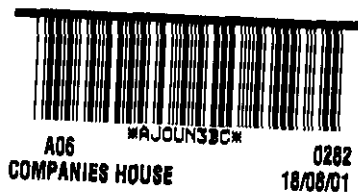


**Report of the Director and  
Financial Statements  
for the year ended 31st December 2000  
for  
STRUCTURED RISK PRODUCTS LIMITED**



## **STRUCTURED RISK PRODUCTS LIMITED**

### **Contents of the Financial Statement for the year ended 31<sup>st</sup> December 2000**

	<b>Page</b>
Company Information	1
Report of the Director	2
Reports of the Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Cash Flow Statement	6
Notes to the Cash Flow Statement	7
Notes to the Financial Statements	8

**STRUCTURED RISK PRODUCTS LIMITED**

**Company Information**  
**for the year ended 31st December 2000**

**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

**BANKERS:** Barclays Bank Plc  
114 Fenchurch Street  
London  
EC3P 3HY

**SOLICITORS:** Elborne Mitchell  
One America Square  
Crosswall  
London EC3N 2LB

# STRUCTURED RISK PRODUCTS LIMITED

## Report of the Director for the year ended 31st December 2000

The director presents his report with the financial statements of the company for the year ended 31st December 2000.

### 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

No dividends will be distributed for the year ended 31st December 2000.

### 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:

	31.12.00	1.1.00
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

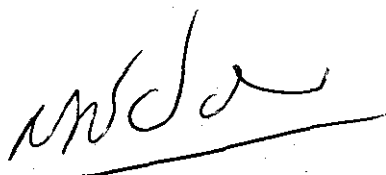
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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.

### 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: 30th March 2001

## STRUCTURED RISK PRODUCTS LIMITED

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

We have audited the financial statements on pages four to twelve which have been prepared under the historical cost convention and the accounting policies set out on page nine.

#### Respective responsibilities of director and auditors

As described on page two the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

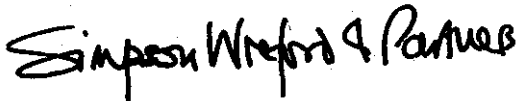
#### Basis of opinion

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 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

Dated: 30th March 2001

# STRUCTURED RISK PRODUCTS LIMITED

## Profit and Loss Account for the year ended 31st December 2000

		2000	1999
	Notes	£	£
<b>TURNOVER</b>		452,706	320,915
Cost of sales		29,669	-
<b>GROSS PROFIT</b>		423,037	320,915
Administrative expenses		270,491	211,305
<b>OPERATING PROFIT</b>	3	152,546	109,610
Interest receivable and similar income		5,786	5,668
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		158,332	115,278
Tax on profit on ordinary activities	4	32,316	25,000
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		126,016	90,278
Dividends	5	-	36,000
		126,016	54,278
Retained profit brought forward		158,780	104,502
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u>£284,796</u>	<u>£158,780</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.

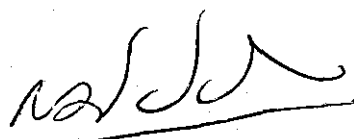
The notes form part of these financial statements

**STRUCTURED RISK PRODUCTS LIMITED**

**Balance Sheet  
31st December 2000**

		2000		1999	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	6		8,596		15,055
<b>CURRENT ASSETS:</b>					
Debtors	7	44,607		2,851	
Cash at bank		330,089		228,304	
		<u>374,696</u>		<u>231,155</u>	
<b>CREDITORS: Amounts falling due within one year</b>	8	<u>98,396</u>		<u>87,330</u>	
<b>NET CURRENT ASSETS:</b>			<u>276,300</u>		<u>143,825</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			<u>£284,896</u>		<u>£158,880</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	10		100		100
Profit and loss account			284,796		158,780
<b>SHAREHOLDERS' FUNDS:</b>	12		<u>£284,896</u>		<u>£158,880</u>

**ON BEHALF OF THE BOARD:**



N S R Edwards - DIRECTOR

Approved by the Board on 30th March 2001

The notes form part of these financial statements

**STRUCTURED RISK PRODUCTS LIMITED**

**Cash Flow Statement  
for the year ended 31st December 2000**

		<u>2000</u>	<u>1999</u>
	Notes	£	£
Net cash inflow from operating activities	1	121,429	98,805
Returns on investments and servicing of finance	2	5,786	5,668
Taxation		(24,816)	(26,999)
Capital expenditure	2	(614)	(7,822)
Equity dividends paid		-	(36,000)
<b>Increase in cash in the period</b>		<b><u>£101,785</u></b>	<b><u>£33,652</u></b>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
<b>Increase in cash in the period</b>		<b><u>101,785</u></b>	<b><u>33,652</u></b>
Change in net funds resulting from cash flows		<u>101,785</u>	<u>33,652</u>
<b>Movement in net funds in the period</b>		<b><u>101,785</u></b>	<b><u>33,652</u></b>
<b>Net funds at 1st January</b>		<b><u>228,304</u></b>	<b><u>194,652</u></b>
<b>Net funds at 31st December</b>		<b><u>£330,089</u></b>	<b><u>£228,304</u></b>

The notes form part of these financial statements



# STRUCTURED RISK PRODUCTS LIMITED

## Notes to the Cash Flow Statement for the year ended 31st December 2000

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

	2000 £	1999 £
Operating profit	152,546	109,610
Depreciation charges	7,073	7,899
(Increase)/Decrease in debtors	(41,756)	5,523
Increase/(Decrease) in creditors	3,566	(24,227)
<b>Net cash inflow from operating activities</b>	<b>121,429</b>	<b>98,805</b>

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

	2000 £	1999 £
<b>Returns on investments and servicing of finance</b>		
Interest received	5,786	5,668
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b>5,786</b>	<b>5,668</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(614)	(7,822)
<b>Net cash outflow for capital expenditure</b>	<b>(614)</b>	<b>(7,822)</b>

### 3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.00 £	Cash flow £	At 31.12.00 £
Net cash:			
Cash at bank	228,304	101,785	330,089
	<u>228,304</u>	<u>101,785</u>	<u>330,089</u>
<b>Total</b>	<b>228,304</b>	<b>101,785</b>	<b>330,089</b>
<b>Analysed in Balance Sheet</b>			
Cash at bank	228,304		330,089
	<u>228,304</u>		<u>330,089</u>

The notes form part of these financial statements

# STRUCTURED RISK PRODUCTS LIMITED

## Notes to the Financial Statements for the year ended 31st December 2000

### 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 subsidiary undertaking.

### 2. STAFF COSTS

	2000	1999
	£	£
Wages and salaries	135,399	112,600
Social security costs	15,211	12,526
Other pension costs	51,714	43,000
	<u>202,324</u>	<u>168,126</u>

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

	2000	1999
Management and administration	<u>2</u>	<u>2</u>

# STRUCTURED RISK PRODUCTS LIMITED

## Notes to the Financial Statements for the year ended 31st December 2000

### 3. OPERATING PROFIT

The operating profit is stated after charging:

	2000	1999
	£	£
Depreciation - owned assets	7,073	7,899
Auditors' remuneration	2,044	4,465
Auditors' other services	7,150	1,551
Operating leases - property	<u>7,000</u>	<u>7,000</u>
Director's emoluments	91,800	90,600
Director's pension contributions to money purchase schemes	<u>39,346</u>	<u>34,400</u>

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

	1	1
	=	=
Money purchase schemes		

### 4. TAXATION

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

	2000	1999
	£	£
UK corporation tax	32,500	25,000
Previous year overprovision	(184)	-
	<u>32,316</u>	<u>25,000</u>

UK corporation tax has been charged at 20% (1999 - 20.25%).

### 5. DIVIDENDS

	2000	1999
	£	£
Equity shares:		
Dividend paid	<u>-</u>	<u>36,000</u>

# STRUCTURED RISK PRODUCTS LIMITED

## Notes to the Financial Statements for the year ended 31st December 2000

### 6. TANGIBLE FIXED ASSETS

	Office equipment	Computer equipment	Totals
	£	£	£
<b>COST:</b>			
At 1st January 2000	14,782	14,980	29,762
Additions	223	391	614
At 31st December 2000	15,005	15,371	30,376
<b>DEPRECIATION:</b>			
At 1st January 2000	5,540	9,167	14,707
Charge for year	3,009	4,064	7,073
At 31st December 2000	8,549	13,231	21,780
<b>NET BOOK VALUE:</b>			
At 31st December 2000	6,456	2,140	8,596
At 31st December 1999	9,242	5,813	15,055

### 7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Trade debtors	41,619	-
Other debtors	1,750	2,009
Prepayments	1,238	842
	44,607	2,851

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Directors current accounts	275	809
Other creditors	17,534	20,638
Social security & other taxes	36,982	32,873
Taxation	32,500	25,000
Accrued expenses	11,105	8,010
	98,396	87,330

# STRUCTURED RISK PRODUCTS LIMITED

## Notes to the Financial Statements for the year ended 31st December 2000

### 9. OBLIGATIONS UNDER LEASING AGREEMENTS

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

	Operating leases	
	2000 £	1999 £
Expiring: Between one and five years	<u>7,000</u>	<u>3,500</u>

### 10. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2000 £	1999 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

### 11. RELATED PARTY DISCLOSURES

The company has a dormant subsidiary with no assets or liabilities.

### 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	126,016	90,278
Dividends	-	(36,000)
<b>Net addition to shareholders' funds</b>	<u>126,016</u>	<u>54,278</u>
Opening shareholders' funds	158,880	104,602
<b>Closing shareholders' funds</b>	<u>284,896</u>	<u>158,880</u>
Equity interests	<u>284,896</u>	<u>158,880</u>