

Company registration number: 3637200

Nameco (No. 204) Limited

Report and financial statements 31 December 2002

Contents:

Company information	1
Report of the directors	2
Report of the auditors	4
Profit and loss account - technical account	6
Profit and loss account - non-technical account	7
Balance sheet	8
Cash flow statement	10
Notes to the financial statements	11



Nameco (No. 204) Limited

Company information

Directors

J R H Evans
Nomina plc

Company Secretary

Hampden Legal PLC

Registered Office

12/13 Lime Street
London
EC3M 7AB

Auditors

Littlejohn Frazer
Chartered Accountants
and Registered Auditors
1 Park Place
Canary Wharf
London
E14 4HJ

Accountants

Axiom Underwriting Services
Maritime House, 1 Linton Road
Barking, Essex
IG11 8GW

Bankers

Leopold Joseph & Sons Ltd.
99 Gresham Street
London
EC2V 7NG

Solicitors

Jones Day Gouldens
10 Old Bailey
London
EC4M 7NG

Nameco (No. 204) Limited

Report of the directors

The directors submit their report together with the financial statements of the company for the year ended 31 December 2002.

Principal activities and business review

The principal activity of the Company is that of trading as a Lloyd's corporate capital member. The Company has incurred, in line with most of the Lloyd's market, an underwriting loss for the current calendar year. Part of this loss is the result of the provision made for the 2001 open underwriting year. The eventual result of this underwriting year is subject to a higher than normal level of uncertainty as described in note 14 to the financial statements resulting from the terrorist attack on 11 September 2001 in the United States of America.

The Company continues to trade in 2003 and the Directors expect this year's result to be better than years currently being reported.

Results and dividends

The results for the year are set out on pages 6 to 7 of the financial statements. The directors do not propose to pay a dividend.

Directors and directors' interests

The directors who served at any time during the year and their interests in the share capital of the company were as follows:

	At 31 December 2002 Ordinary £1 shares	At 1 January 2002 Ordinary £1 shares
J R H Evans	-	-
Nomina plc	1	1

Nomina plc holds the above share as trustee for J J Keeling.

Nameco (No. 204) Limited

Report of the directors (continued)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the 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
- state whether applicable accounting standards have been applied
- 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

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 and that applicable accounting standards have been followed.

By Order of the Board



Hampden Legal PLC
Secretary

30th June 2003

Nameco (No. 204) Limited

Independent Auditors' report

To the Shareholders of Nameco (No. 204) Limited

We have audited the Financial Statements of Nameco (No. 204) Limited for the year ended 31 December 2002 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes on pages 6 to 25. 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 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' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 3.

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 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.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of 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 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.

Nameco (No. 204) Limited

Independent Auditors' report (continued)

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.

Fundamental uncertainty

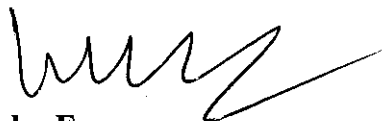
In forming our opinion, we have considered the adequacy of the disclosures made in notes 14 and 17 concerning the following:

- 1 The material exposure and uncertainty that the company faces to losses relating to the 11 September 2001 terrorist attacks in the United States of America;
- 2 The appropriateness of the going concern basis in the preparation of these financial statements as a result of the company's underwriting liabilities exceeding the Funds at Lloyd's available to meet these liabilities.

In view of the significance of these uncertainties we consider that these matters should be drawn to your attention. Our opinion is not qualified in this respect.

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 result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Littlejohn Frazer

Chartered Accountants
and Registered Auditors

30th June 2003

1 Park Place
Canary Wharf
London E14 4HJ

Nameco (No. 204) Limited

Profit and loss account

Technical account – general business

For the year ended 31 December 2002

	Note	2002 £	2001 £
Earned premiums, net of reinsurance			
Gross premiums written	3	482,003	596,493
Outward reinsurance premiums		(134,621)	(143,299)
Net premiums written		347,382	453,194
Allocated investment return transferred from the non-technical account		22,296	23,585
Total technical income		369,678	476,779
Claims paid			
Gross amount		(327,277)	(353,019)
Reinsurers' share		142,938	131,571
Net claims paid		(184,339)	(221,448)
Change in provision for claims			
Gross amount		(214,157)	(408,084)
Reinsurers' share		130,155	147,300
Claims incurred net of reinsurance		(268,341)	(482,232)
Net operating expenses	4	(131,865)	(119,871)
Investment expenses and charges		(482)	(384)
Total charges		(400,688)	(602,487)
Balance on technical account – general business		(31,010)	(125,708)

The accounting policies and notes on pages 11 to 25 form part of these financial statements.

Nameco (No. 204) Limited

Profit and loss account

Non - technical account

For the year ended 31 December 2002

	Note	2002 £	2001 £
Balance on technical account – general business		(31,010)	(125,708)
Investment income	5	22,348	23,694
Allocated investment return transferred to the Technical account – general business		(22,296)	(23,585)
Profit (loss) on disposal of syndicate capacity		8,825	322
Other charges		(4,578)	(3,824)
Profit (loss) on ordinary activities before taxation	6	(26,711)	(129,101)
Tax on profit (loss) on ordinary activities	7	-	-
Profit (loss) on ordinary activities after taxation for the financial year	11	(26,711)	(129,101)

The Company has no recognised gains or losses other than the profit or (loss) on ordinary activities after taxation stated above. There is no material difference between the reported profit or (loss) for the period and the profit or (loss) for the period restated on a historical cost basis.

All amounts above relate to continuing operations.

The accounting policies and notes on pages 11 to 25 form part of these financial statements.

Nameco (No. 204) Limited

Balance sheet

As at 31 December 2002

		31 December 2002			31 December 2001		
	Note	Held Directly £	Held through Syndicate Participation £	Total £	Held Directly £	Held through Syndicate Participation £	Total £
Assets							
Intangible assets							
Syndicate participation rights	8	2,401	-	2,401	5,093	-	5,093
Investments							
Financial investments	9	-	399,252	399,252	-	340,747	340,747
Deposits with ceding undertakings		-	992	992	-	1,107	1,107
		-	400,244	400,244	-	341,854	341,854
Reinsurers' share of technical provisions							
Claims outstanding		-	540,118	540,118	-	463,720	463,720
Debtors							
Arising out of direct insurance operations							
- Intermediaries		-	131,040	131,040	-	144,357	144,357
- Policyholders		-	651	651	-	3,729	3,729
Arising out of reinsurance operations		-	267,930	267,930	-	303,207	303,207
Other debtors		91,385	7,522	98,907	74,672	11,894	86,566
		91,385	407,143	498,528	74,672	463,187	537,859
Other assets							
Cash at bank and in hand		-	61,020	61,020	6	61,651	61,657
Other		-	40,024	40,024	-	41,460	41,460
		-	101,044	101,044	6	103,111	103,117
Prepayments and accrued income							
Other prepayments and accrued income		-	2,996	2,996	-	2,221	2,221
Total assets		93,786	1,451,545	1,545,331	79,771	1,374,093	1,453,864

The accounting policies and notes on pages 11 to 25 form part of these financial statements.

Nameco (No. 204) Limited

Balance sheet As at 31 December 2002

Note	31 December 2002			31 December 2001		
	Held Directly £	Held through Syndicate Participation £	Total £	Held Directly £	Held through Syndicate Participation £	Total £
Liabilities and shareholders' funds						
Capital and reserves						
Called up share capital	10	1	-	1	-	1
Share premium account		-	-	-	-	-
Profit and loss account	11	(101,974)	(95,580)	(197,554)	(107,825)	(63,018)
						(170,843)
Shareholders' funds – attributable to equity interests	12	(101,973)	(95,580)	(197,553)	(107,824)	(63,018)
						(170,842)
Technical provisions						
Claims outstanding – gross amount		30,310	1,423,143	1,453,453	100,056	1,284,137
						1,384,193
Provisions for other risks and charges						
Provision for taxation		-	-	-	-	-
Creditors						
Arising out of direct insurance operations		-	17,745	17,745	-	24,859
Arising out of reinsurance operations		-	93,927	93,927	-	79,873
Other creditors	13	165,449	10,680	176,129	87,539	47,150
						134,689
		165,449	122,352	287,801	87,539	151,882
						239,421
Accruals and deferred income						
		-	1,630	1,630	-	1,092
						1,092
Total liabilities						
		93,786	1,451,545	1,545,331	79,771	1,374,093
						1,453,864

Approved by the board of directors on 30th June 2003
and signed on its behalf by:



Nomina plc
Director

The accounting policies and notes on pages 11 to 25 form part of these financial statements.

Nameco (No. 204) Limited

Cash flow statement

For the year ended 31 December 2002

	Note	2002 £	2001 £
Operating activities			
Net cash inflow/(outflow) from operating activities	15	(11,034)	(2,027)
Returns on investments		-	-
Capital expenditure			
Purchase of syndicate capacity		(442)	-
Proceeds from sale of syndicate capacity		11,470	-
Taxation			
Corporation tax (paid) refunded		-	-
Financing			
Issue of shares		-	-
Share issue expenses		-	-
Net cash inflow/(outflow) for the year		<u>(6)</u>	<u>(2,027)</u>
Cash flows were invested as follows:			
Increase/(decrease) in cash holdings		(6)	(2,027)
Purchase of financial investments		-	-
Sale of financial investments		-	-
Net investment of cash flows		<u>(6)</u>	<u>(2,027)</u>

The Company has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the cash flow statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the syndicates at Lloyd's.

The accounting policies and notes on pages 11 to 25 form part of these financial statements.

Nameco (No. 204) Limited

Notes to the financial statements For the year ended 31 December 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments.

1.2 Basis of accounting for underwriting results

The company participates in insurance business as an underwriting member of various syndicates at Lloyd's. All classes of insurance business written are accounted for on a three year funded basis because it is the basis most similar to that followed by the syndicates. The nature of the information managing agents can make available is insufficient for the company to make reliable estimates of the necessary technical provisions on an annual basis of accounting. Under the three year funded basis followed by the company, the excess of premiums written and attributable net investment return over claims and expenses paid in respect of contracts incepting in an accounting period ("the underwriting year") is carried forward as a technical provision until the end of the third year from the inception of the underwriting year. Consequently, no profit is recognised in respect of an underwriting year until that time at the earliest.

If an underwriting year is expected to make a loss, the loss is recognised as soon as it is foreseen by increasing the technical provision to make it sufficient to meet present liabilities and anticipated future claims and expenses.

1.3 Premiums

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax.

Gross premiums written may include "reinsurance to close" receivable (see 1.6 below).

Premiums written by a syndicate may also include the reinsurance of other syndicates on which the company participates. No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' share of claims) to remove this intersyndicate reinsurance.

Outward reinsurance premiums may include "reinsurance to close" payable (see 1.6 below).

1.4 Claims incurred

Claims incurred include the costs of claims handling expenses. Recoverable amounts arising out of subrogation or salvage are deducted from the cost of claims. Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessment of claims from previous years differ from the provision at the beginning of the year.

Nameco (No. 204) Limited

Notes to the financial statements For the year ended 31 December 2002

1.5 Provision for claims (technical provisions)

Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision includes the amounts required to ensure that for each underwriting year no profit is recognised before the end of the third year under the three year funded basis of accounting (see 1.2 above).

The provision has been increased as appropriate by the company to the extent that deficits are foreseen on underwriting years before the 36 months point is reached.

The provision is based on the returns and reports from the managing agents and the company's members' agent.

1.6 Reinsurance to close

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's syndicates. Under it, underwriting members (the reinsured members) who are members of a syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another syndicate for a later year of account (the reinsuring members) that the reinsuring members will indemnify, discharge or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that syndicate and allocated to the closed year in consideration of:

- (a) a premium; and
- (b) either
 - (i) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurances and other monies receivable in connection with that insurance business); or
 - (ii) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefit so far as they are not applied in discharges of the liabilities of the reinsured members.

To the extent that the company participates on successive years of account of the same syndicate and there is a reinsurance to close between those years, the company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

Notes to the financial statements
For the year ended 31 December 2002

1.6 Reinsurance to close (continued)

If the company has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the company has assumed a greater proportion of the business of the syndicate. If the company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the company's exposure to risks previously written by the syndicate.

The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain liable for the settlement of any outstanding claims.

However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a syndicate year of account and it is treated for accounts purposes as settling all the company's outstanding gross liabilities in respect of the business so reinsured.

1.7 Run-off years

Where an underwriting year of account is not closed at the end of the third year (a "run-off" year of account) a provision is made for the estimated cost of all known and unknown outstanding liabilities for that year. The provision is determined initially by the managing agent on a similar basis to the reinsurance to close. However, any subsequent variation in the ultimate liabilities for that year remains with the corporate member participating therein. As a result any run-off year will continue to report movements in its results after the third year until such time as it secures a reinsurance to close.

1.8 Investments

Listed and other traded investments are stated at mid-market values. Other investments are stated at directors' valuations. Unrealised gains and losses are recognised in the profit and loss account.

Nameco (No. 204) Limited

Notes to the financial statements For the year ended 31 December 2002

1.9 Investment income

Investment income comprises interest receivable and dividends received plus realised gains and losses on the disposal of investments. Realised gains and losses arise from the difference between sale proceeds and either the valuation at the previous year end, or purchase cost if the investment was purchased during the current year.

Where investments represent the company's share of syndicate investments, they are treated as sold and repurchased at each year end in recognition of the annual venture nature of participation on a syndicate. The cost of these investments is therefore their market value at each 31 December. The realised gains reported by Syndicates are net of any realised losses.

All investment income, net of realised losses, arising on syndicate participations is allocated to the technical account. Other investment income is attributable to the non-technical account.

1.10 Investment expenses and charges

Investment expenses and charges comprise investment management expenses.

1.11 Net operating expenses

Operating expenses are recognised when incurred. They include the company's share of syndicate operating expenses, the remuneration payable to managing agents (and the company's members' agent/licensed adviser) and the direct costs of membership of Lloyd's. Where they relate to the company's underwriting, they are taken into account in calculating the technical provision required under the three year funded basis of accounting.

1.12 Other charges

Expenses not attributable to underwriting or investment management are recognised when incurred.

1.13 Foreign currencies

The company's share of syndicate assets, liabilities, income and expenditure expressed in US dollars, Canadian dollars and Euros (where accounted by syndicates under the Lloyd's direct settlement scheme) are translated at rates of exchange ruling at the balance sheet date. Underwriting transactions in Euros (where accounted by syndicates under the Lloyd's conversion scheme) and other foreign currencies are included in the financial statements at historical rates. All exchange differences relating to syndicates are dealt with in the technical account.

1.14 Syndicate participation rights

Where the company has purchased the right to participate on Syndicates, the cost is capitalised, less any provision for permanent diminution in value, and amortised on a straight line basis over its estimated economic life. It is intended that purchased capacity will be amortised over 5 years. No amortisation is charged until the first year of account in which profits or losses are normally recognised.

Nameco (No. 204) Limited

Notes to the financial statements For the year ended 31 December 2002

1.15 Taxation

The company is taxed on its share of the underwriting results declared by Syndicates and these are deemed to accrue evenly over the calendar year in which they are declared. The syndicate results (excluding any additional provisions made by the directors) relating to the 2002 account will be declared for tax purposes in the calendar year 2005.

Other profits are assessable to corporation tax in the same period as they are recognised for accounting purposes, after adjustment in accordance with tax legislation.

1.16 Deferred taxation

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.

Nameco (No. 204) Limited

Notes to the financial statements For the year ended 31 December 2002

2 Basis of preparation of financial statements

2.1 Basis of preparation

The financial statements have been prepared in accordance with Section 255 of, and Schedule 9A to, the Companies Act 1985 ("the Act") and in accordance with applicable Accounting Standards, and the recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in 1998.

An underwriting member of Lloyd's is obliged to maintain Funds at Lloyd's (FAL) sufficient not only to support its continuing underwriting, but also to meet the whole of its liabilities as determined in the solvency test carried out each year as at 31 December. Where closed year deficits have been transferred to the distribution process, which is normally in the year following the closure of the underwriting year concerned, those deficits are normally funded by one or both of the company's own retained funds and the funds of the shareholders being made available to the company in the form of either further capital or debt.

Any losses incurred by the company are therefore funded by the FAL, by any retained reserves of the company, and by further capital or debt introduced by the shareholders. On this basis, the accounts of the company have been prepared on the basis that the company is a going concern.

2.2 Recognition of insurance transactions

Preparing financial statements in accordance with Section 255 of, and Schedule 9A to, the Act requires the company to recognise its proportion of all the transactions undertaken by the Lloyd's syndicates in which it participates.

The company has delegated sole management and control of its underwriting through each syndicate to the managing agent of the syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the syndicates are therefore responsible for determining the insurance transactions to be recognised by the company. The only exception to this rule is the level of provision for outstanding claims. These provisions have been determined by the directors of the company (see 1.5 above).

Accordingly, for each such syndicate, the company's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the company's technical account. Similarly, its proportion of the syndicate's assets and liabilities has been reflected in its balance sheet (under the column heading "Held through Syndicate Participation"). The "syndicate" assets are held subject to trust deeds for the benefit of the company's insurance creditors.

The proportion referred to above is calculated by reference to the company's participation as a percentage of each syndicate's total capacity.

Nameco (No. 204) Limited

Notes to the financial statements For the year ended 31 December 2002

2.3 Sources of data

The information used to compile the technical account and the "syndicate" balance sheet is based on returns prepared for this purpose by the managing agents of the syndicates. The returns have been subjected to audit by the syndicate auditors and are based on the audited syndicate returns to Lloyd's and the audited annual reports to syndicate members. This base data has been adjusted as necessary so that the returns reflect the differences in preparation between syndicate annual reports and financial statements in accordance with Schedule 9A of the Companies Act 1985.

The format of the returns has been established by Lloyd's and Lloyd's has also been responsible for collating the data at a syndicate level and analysing it into corporate member level results.

The returns cover the 12 months to 31 December 2002.

2.4 Debtors/creditors arising from insurance/reinsurance operations

The amounts shown in the Balance Sheets in respect of the above include the totals of all the syndicate's outstanding debit and credit transactions as processed by the central facility used by Lloyd's; no account has been taken of any offsets which may be applicable in calculating the net amounts due between the syndicates and each of their counter party insurers, reinsurers or intermediaries as appropriate.

Nameco (No. 204) Limited

Notes to the financial statements For the year ended 31 December 2002

3 Segmental information	Gross premiums written £	Gross claims incurred £	Gross operating expenses £	Reinsurance balance £	Total £
2002					
Direct business					
Accident and health	9,892	(19,731)	(5,004)	2,312	(12,531)
Motor – third party liability	3,189	(1,406)	(1,087)	342	1,038
Motor – other classes	42,821	(52,987)	(11,443)	5,682	(15,927)
Marine, aviation and transport	31,675	(52,344)	(8,894)	13,203	(16,360)
Fire and other damage to property	95,712	(126,598)	(27,459)	7,304	(51,041)
Third party liability	141,590	(179,677)	(37,791)	30,667	(45,211)
Credit and suretyship	4,191	(7,801)	(1,718)	(9,391)	(14,719)
Legal expenses	1,650	(1,785)	(469)	58	(546)
Assistance	26	(183)	(14)	120	(51)
Other	1,997	(1,879)	(903)	2,372	1,587
Total direct	332,743	(444,391)	(94,782)	52,669	(153,761)
Reinsurance business					
Other reinsurance acceptances	100,055	(177,995)	(21,871)	48,087	(51,724)
Reinsurance to close	49,205	11,206	-	37,716	98,127
	482,003	(611,180)	(116,653)	138,472	(107,358)

Gross premiums in respect of direct business written in:

United Kingdom	332,317
Other EU Member states	426
Rest of the world	-
	<u>332,743</u>

Nameco (No. 204) Limited

Notes to the financial statements For the year ended 31 December 2002

3 Segmental information (continued)

2001	Gross premiums written £	Gross claims incurred £	Gross operating expenses £	Reinsurance balance £	Total £
Direct business					
Accident and health	23,120	(16,483)	(6,560)	(641)	(564)
Motor – third party liability	9,733	(12,221)	(2,834)	2,690	(2,632)
Motor – other classes	36,360	(31,591)	(11,350)	8,299	1,718
Marine, aviation and transport	60,782	(63,914)	(14,338)	(42,969)	(60,439)
Fire and other damage to property	71,261	(72,237)	(20,365)	4,786	(16,555)
Third party liability	133,880	(138,957)	(29,580)	60,882	26,225
Credit and suretyship	12,193	(12,284)	(3,816)	31,497	27,590
Legal expenses	816	(901)	(269)	218	(136)
Assistance	59	38	(21)	(92)	(16)
Other	5,300	(3,570)	(1,739)	1,370	1,361
Total direct	353,504	(352,120)	(90,872)	66,040	(23,448)
Reinsurance business					
Other reinsurance acceptances	105,211	(128,242)	(19,728)	65,116	22,357
Reinsurance to close	137,778	(219,255)	-	4,416	(77,061)
	596,493	(699,617)	(110,600)	135,572	(78,152)

	2001 £
Gross premiums in respect of direct business written in:	
United Kingdom	353,203
Other EU Member states	301
Rest of the world	-
	353,504

Namco (No. 204) Limited

Notes to the financial statements For the year ended 31 December 2002

4 Net operating expenses	2002	2001
	£	£
Syndicate operating expenses	41,856	16,238
Exchange adjustment	31,352	(5,185)
Costs of acquisition – commission and brokerage	43,445	99,547
	<hr/>	<hr/>
	116,653	110,600
Members personal expenses	10,037	8,067
Other operating expenses	5,175	1,204
	<hr/>	<hr/>
	131,865	119,871
	<hr/>	<hr/>
5 Investment income	2002	2001
	£	£
Investment income	20,274	20,437
Realised investment gains less losses	2,074	3,257
Unrealised gains less losses on investments	-	-
	<hr/>	<hr/>
	22,348	23,694
	<hr/>	<hr/>

6 Profit/(loss) on ordinary activities before taxation

The auditor's remuneration of £120 is charged to Nomina plc and then recharged to the company as part of the Nomina plc management fee included within other charges in the non-technical account.

The company has no employees and no director's fees have been paid in the period.

7 Taxation	2002	2001
	£	£
Analysis of charge in period		
Current U.K. corporation tax at 19.25% (20%)	-	-
Prior year	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Factors affecting tax charge for period

The tax assessed for the period is different than the standard rate of Corporation Tax in the UK of Corporation Tax in the U.K. of 19.25%. The differences are shown below:

Namco (No. 204) Limited

Notes to the financial statements For the year ended 31 December 2002

7 Taxation (continued)

	2002 £	2001 £
Profit/(loss) on ordinary activities before tax	(26,711)	(129,101)
Tax on above multiplied by the standard rate of 19.25% (20%)	(5,142)	(25,820)
Effects of:		
Underwriting results subject to timing differences for taxation	16,748	24,901
Utilisation of tax losses	(11,607)	-
Deferred tax asset not recognised	-	919
Amortisation and other tax computation adjustments	1	-
Marginal or starting rates of taxation	-	-
Current tax charge for the period	-	-

8 Intangible assets – held directly

Syndicate participation rights	2002 £	2001 £
Cost		
At 1 January 2002	5,093	5,093
Additions	443	-
Disposals	(2,645)	-
At 31 December 2002	2,891	5,093
Amortisation		
At 1 January 2002	-	-
Charge for the period	490	-
Disposals	-	-
At 31 December 2002	490	-
Net book value		
At 31 December 2002	2,401	5,093
At 1 January 2002	5,093	5,093

As required by FRS 10 and 11, an annual impairment review of the carrying value of the above intangible assets is carried out. As a result of this review, the above syndicate participation is carried out at no more than the latest weighted average values obtained at the Lloyd's capacity auctions during 2002.

The amortisation charge for the year shown above includes £nil in respect of this impairment.

Nameco (No. 204) Limited

Notes to the financial statements For the year ended 31 December 2002

9 Financial investments

	2002 Historic cost £	2002 Market Value £	2001 Historic cost £	2001 Market Value £
Syndicate participations				
Shares and other variable yield securities	35,279	17,835	37,467	12,773
Debt securities and other fixed income securities	315,502	335,865	243,786	274,433
Participation in investment pools	5,423	5,388	9,739	9,839
Loans guaranteed by mortgage	483	497	2,458	2,297
Other loans	12,390	11,355	-	993
Deposits with credit institutions	14,096	27,914	12,290	40,386
Other	103	398	760	26
	<u>383,276</u>	<u>399,252</u>	<u>306,500</u>	<u>340,747</u>
Other				
Shares and other variable yield securities	-	-	-	-

Analysis of market value	2002 £	2001 £
Syndicate participations		
Listed on the stock exchange	256,226	204,264
Other listed	56,397	62,359
Unlisted	86,629	74,124
	<u>399,252</u>	<u>340,747</u>
Other		
Listed on the stock exchange	-	-
Unlisted	-	-
	<u>-</u>	<u>-</u>

10 Share capital	2002 £	2001 £
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

Nameco (No. 204) Limited

Notes to the financial statements For the year ended 31 December 2002

11 Statement of movements on reserves	2002 £	2001 £
Balance at 1 January 2002	(170,843)	(41,742)
Retained profit/(loss) for the year	(26,711)	(129,101)
Balance at 31 December 2002	<u>(197,554)</u>	<u>(170,843)</u>

The reserves included above shown as being held directly represent the accumulated results of the Company's corporate activities, the results for any closed/run-off years that have been settled and anticipated losses on open years. The reserves shown as held through syndicate participation represent closed/run-off year results not yet settled.

12 Reconciliation of movements in shareholders' funds	2002 £	2001 £
Loss for the financial year	(26,711)	(129,101)
Proceeds from issue of shares	-	-
Share premium on new share capital	-	-
Expenses paid in connection with share issue	-	-
Net addition to shareholders' funds	(26,711)	(129,101)
Opening shareholders' funds	(170,842)	(41,741)
Closing shareholders' funds	<u>(197,553)</u>	<u>(170,842)</u>

13 Other creditors including taxation and social security – held directly	2002 £	2001 £
Corporation tax	-	-
Proprietors' loan accounts	133,986	64,448
Other creditors	31,463	23,091
	<u>165,449</u>	<u>87,539</u>

Nameco (No. 204) Limited

Notes to the financial statements For the year ended 31 December 2002

14 Losses relating to 11 September 2001 Terrorist Attacks in the United States of America

As a result of the terrorist attack on 11 September 2001 the world insurance market is faced with unprecedented losses across a wide range of business underwritten. Many Lloyd's Syndicates, including Syndicates supported by this Company, will have material exposure to claims arising from this event. These claims attach mainly to the 2001 underwriting year.

The loss provision established by the Company's Directors for the 2001 account is based upon the estimate of losses as calculated by the management of the Syndicates together with other market information currently available to the Directors. The size and nature of the 11 September 2001 claims, the legal uncertainties that arise and the ability of Syndicates to collect amounts that may become due from reinsurers all increase the level of uncertainty of the total provision for outstanding claims that is necessary. As a result the losses currently estimated by the Directors have a greater degree of uncertainty than usual and may prove to be materially different to the eventual cost of these claims.

15 Cash flow statement

	2002 £	2001 £
Reconciliation of profit or loss on ordinary activities before tax to net cash inflow from operating activities:		
Profit/(loss) on ordinary activities before tax	(26,711)	(129,101)
(Profit)/loss attributable to syndicate transactions	32,562	63,018
(Increase)/decrease in debtors	(16,713)	(63,168)
Increase/(decrease) in creditors and technical provisions	8,164	127,224
(Profit)/loss on disposal of intangible assets	(8,826)	-
Amortisation of syndicate capacity	490	-
Impairment of syndicate capacity	-	-
Unrealised (gain)/loss on revaluation of investments	-	-
Net cash inflow/(outflow) from operating activities	<u>(11,034)</u>	<u>(2,027)</u>

16 Related party disclosure

The company's 1999, 2000, 2001 and 2002 underwriting is supported by the assets of or guarantees made interavailable to it by J J Keeling. These assets or guarantees are also available to Lloyd's to meet the personal underwriting liabilities of J J Keeling for underwriting years in run-off commencing prior to 1 January 1999, where applicable.

J J Keeling is the beneficial owner of the company's share. This individual is also a shareholder in Nomina plc.

Mr J.R.H. Evans, a director of the company, is also a director of Nomina plc which administers the conversion scheme in which the company participates. Nomina plc charges a fixed management fee of £2,250 (2001: £2,250) to cover all the costs of basic administration of the company.

Nameco (No. 204) Limited

Notes to the financial statements For the year ended 31 December 2002

17 Going concern basis

The Directors' believe that the underwriting losses incurred by the company may exceed the funds at Lloyd's available to the company to meet such losses. Accordingly the company may not be able to meet these liabilities in full when they fall due. The Directors are in discussion with Lloyd's on how and who will fund these losses, if they exceed the funds at Lloyd's. The Directors have prepared these financial statements using the going concern basis on the understanding that agreement will be reached with Lloyd's regarding the settlement of these and other liabilities.

18 Syndicates

The principal syndicates or members' agent pooling arrangements ("MAPA") in which the company participates as an underwriting member are as follows:

Syndicate or MAPA Number:	Managing Agent	2003 Allocated Capacity £	2002 Allocated Capacity £	2001 Allocated capacity £	2000 Allocated Capacity £
1245	Heritage Managing Agency Ltd	25,000	20,000	20,000	20,000
7071	Members' Agents Pooling Arrangement				386,000
7117	Members' Agents Pooling Arrangement	340,789	309,809	271,763	