

Specialised Risk Management (Holdings) Limited

Report and financial statements for the period ended 31 March 2002

Registered No. 4267541



Specialised Risk Management (Holdings) Limited

Report and financial statements for the period ended 31 March 2002

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Specialised Risk Management (Holdings) Limited

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Company information

Registered office

St Florian House
Milton Road
Wokingham
Berkshire
RG40 1EN

Directors

R J Bradford
A G Hamilton
D G L Prior
I G Robinson
A S Wilson

Company secretary

P T Osborne

Auditors

PricewaterhouseCoopers
1 Embankment Place
London
WC2N 6RH

Report of the directors for the period ended 31 March 2002

The directors present their report and the audited financial statements of the company for the period 9 August 2001 (date of incorporation) to 31 March 2002.

Review of the business

The principal activity of the company is that of an investment holding company.

On 26 September 2001, the company changed its name from Alnery No. 2189 Limited to Tracedance Holdings Limited. On 21 March 2002, the company changed its name from Tracedance Holdings Limited to Specialised Risk Management (Holdings) Limited.

On 9 October 2001, the company acquired the entire issued share capital of Tracedance Limited (since renamed Specialised Risk Management Limited) from Capitol Group plc, the company's immediate parent undertaking, for an aggregate cash consideration of £1,250,000.

Details of movements in the share capital of the company are set out in note 10 to the financial statements.

Both the level of business and period end financial position were generally considered to be satisfactory.

Results and dividends

The retained loss for the financial period amounted to £69,000 which has been transferred from reserves. The directors do not recommend the payment of a dividend.

Directors

The following have served as directors during the period:

R J Bradford	(appointed 1 October 2001)
The Rt. Hon. Sir A G Hamilton	(appointed 11 October 2001)
D G L Prior	(appointed 11 October 2001)
I G Robinson	(appointed 30 September 2002)
A S Wilson	(appointed 1 October 2001)
Alnery Incorporations No.1 Limited	(appointed 9 August 2001, resigned 1 October 2001)
Alnery Incorporations No.2 Limited	(appointed 9 August 2001, resigned 1 October 2001)

At 31 March 2002, Messrs. A G Hamilton and D G L Prior each held 50,000 ordinary shares of £1 each in the company.

Under Statutory Instrument No.802 made under the authority of Section 342(3) of the Companies Act 1985, the directors' interests in the share capital of the ultimate parent undertaking need not be disclosed.

Report of the directors for the period ended 31 March 2002 (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 state of affairs of the company at the end of the financial period and of the profit and loss 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 followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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.

Auditors

PricewaterhouseCoopers continue in office as, in accordance with Section 386 of the Companies Act 1985, the company has made an elective resolution to dispense holding an annual general meeting.

By order of the board



I G Robinson
Director
30 September 2002

**Independent auditors' report to the members of
Specialised Risk Management (Holdings) Limited**

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

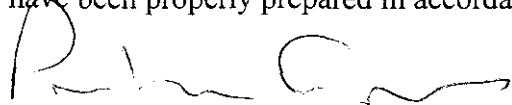
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2002 and of its loss for the period 9 August 2001 to 31 March 2002 and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
30 September 2002

Specialised Risk Management (Holdings) Limited

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Profit and loss account for the period ended 31 March 2002

	Notes	2002 £'000
Administrative expenses		<u>(60)</u>
Operating loss	2	(60)
Interest payable and similar charges	3	<u>(39)</u>
Loss on ordinary activities before taxation		(99)
Tax on loss on ordinary activities	5	<u>30</u>
Retained loss for the financial period	11	<u>(69)</u>

All amounts relate to continuing activities.

No statement of recognised gains and losses is required as there are no recognised gains or losses other than the results detailed above.

There is no difference between the results reported above and the equivalent results calculated on an unmodified historical cost basis.

Specialised Risk Management (Holdings) Limited

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Balance sheet as at 31 March 2002

	Notes	2002 £'000
Fixed assets		
Investments	6	<u>1,250</u>
Current assets		
Debtors	7	30
Cash at bank and in hand		<u>71</u>
		101
Creditors: amounts falling due within one year	8	<u>(134)</u>
Net current liabilities		<u>(33)</u>
Total assets less current liabilities		1,217
Creditors: amounts falling due after more one year	9	<u>(786)</u>
Net assets		<u><u>431</u></u>
Capital and reserves		
Called up share capital	10	500
Profit and loss account - (deficit)	11	<u>(69)</u>
Equity shareholders' funds	12	<u><u>431</u></u>

The financial statements on pages 5 to 10 were approved by the board of directors on 30 September 2002 and were signed on its behalf by:



I G Robinson
Director

**Notes to the financial statements
for the period ended 31 March 2002****1 Principal accounting policies****Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom, and on the basis of continuing financial support from group undertakings, for the period 9 August 2001 (date of incorporation) to 31 March 2002.

The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it is included in the consolidated financial statements of Capitol Group (UK) plc.

Fixed asset investments

Fixed asset investments are stated at cost less any provision required for any impairment in value.

Cash flow statement

In accordance with FRS 1 (Revised) the company has not prepared a statement of cash flows for the current period as it is a small company.

2 Operating loss

Auditors' remuneration for the current period was borne by Specialised Investigation Services Limited.

3 Interest payable and similar charges

	2002
	£'000
Intercompany interest payable	<u>39</u>

**Notes to the financial statements
for the period ended 31 March 2002 (continued)****4 Directors' emoluments**

	2002 £'000
Remuneration - fees	<u>42</u>

5 Tax on loss on ordinary activities

	2002 £'000
Group relief receivable in respect of current period	<u>(30)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	<u>(30)</u>

6 Fixed asset investments

	Interest in group undertaking £'000
At 9 August 2001	-
Additions	<u>1,250</u>
At 31 March 2002	<u>1,250</u>

On 9 October 2001, the company acquired the entire issued share capital of Tracedance Limited (since renamed Specialised Risk Management Limited) from Capitol Group plc, the company's immediate parent undertaking, for an aggregate cash consideration £1,250,000.

The company holds 100% of the entire issued share capital, comprising ordinary shares of £1 each, of Specialised Risk Management Limited (SRML) and Employment Screening Services Limited (ESSL), both companies incorporated and operating in Great Britain and registered in England and Wales. The principal activity of SRML is that of an investment holding company, and ESSL is a non-trading company.

7 Debtors

	2002 £'000
Amounts owed by group undertakings	<u>30</u>

Notes to the financial statements for the period ended 31 March 2002 (continued)

8 Creditors: amounts falling due within one year

	2002 £'000
Amounts owed to group undertakings	103
Accruals and deferred income	31
	<u>134</u>

9 Creditors: amounts falling due after more than one year

	2002 £'000
Amounts owed to group undertaking	<u>786</u>

10 Called up share capital

	Number	£'000
Authorised:		
Ordinary shares of £1 each		
On incorporation (9 August 2001)	100	-
Increased in October 2001	499,900	500
At 31 March 2002	<u>500,000</u>	<u>500</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each		
On incorporation (9 August 2001)	1	-
Issued in period	499,999	500
At 31 March 2002	<u>500,000</u>	<u>500</u>

On 1 October 2001, the company resolved to increase its authorised share capital by 499,900 ordinary shares of £1 each to 500,000 ordinary shares of £1 each.

On 9 October 2001, Capitol Group plc, the company's immediate parent undertaking, subscribed at par for 399,999 ordinary shares of £1 each in the company and had transferred to it 1 ordinary share of £1 each that was in issue, resulting in a holding of 400,000 ordinary shares of £1 each (which, at that time, comprised the entire issued share capital of the company). At the same time, Capitol Group plc made an interest bearing long-term loan to the company of £750,000. Subsequently, on 11 October 2001, Messrs. A G Hamilton and D G L Prior, both directors of the company, each subscribed at par for 50,000 ordinary shares of £1 each in the company.

**Notes to the financial statements
for the period ended 31 March 2002 (continued)****11 Profit and loss account**

	£'000
At 9 August 2001	-
Retained loss for the financial period	(69)
At 31 March 2002	<u>(69)</u>

12 Reconciliation of movements in equity shareholders' funds

	2002 £'000
Loss for the financial period	(69)
New share capital issued	<u>500</u>
Net movement in shareholders' funds	431
Shareholders' funds at beginning of period	-
Shareholders' funds at end of period	<u>431</u>

13 Contingencies

An unlimited composite banking guarantee exists between the company and certain subsidiary undertakings and various fellow group undertakings in respect of banking facilities provided to the group in the UK.

Under the provisions of a UK guarantee for the financing obligations of Carlisle Finance (Iceland) Ltd., a fellow group undertaking incorporated in Iceland, Capitol Group plc, the company's immediate parent undertaking, has provided a first priority lien on the share capital of the company held by it, comprising 400,000 ordinary shares of £1 each.

14 Ultimate parent undertaking

The company's immediate parent undertaking is Capitol Group plc.

As at 31 March 2002, the smallest group in which the company is consolidated was Capitol Group (UK) plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements of Capitol Group (UK) plc can be obtained from its registered office at St Florian House, Milton Road, Wokingham, Berkshire RG40 1EN.

As at 31 March 2002, the company's ultimate parent undertaking was Carlisle Holdings Limited, a company registered in Belize. Lord Ashcroft beneficially owned and controlled 68.5 percent of Carlisle Holdings Limited. Copies of the consolidated financial statements of Carlisle Holdings Limited can be obtained from its registered office at 60 Market Square, Belize City, Belize, Central America.