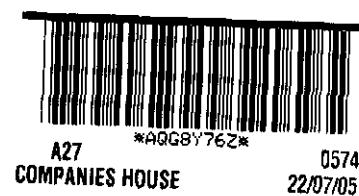


Cavell Managing Agency Limited

**Annual Report and Financial Statements for the
year ended 31 December 2004**

The Company's registration number is 4690709



Annual Report and Financial Statements for the year ended 31 December 2004

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Directors and Advisers

Directors

J. P. Tilling (non-executive Director)
M. G. Smith (non-executive Director)
A. C. Pollard (non-executive Director)
K. E. Randall
R. E. McCoy
A. K. Quilter
C. W. Singh

Secretary

J. Willsher

Registered Office

9-13 Fenchurch Buildings
London
EC3M 5HR

Bankers

National Westminster Bank Plc
City of London Office
PO Box 12258
1 Princes Street
London
EC2R 8PA

Auditors

Littlejohn Frazer
1 Park Place
Canary Wharf
London, E14 4HJ

Registered Number

4690709

**Report of the Directors
For the year ended 31 December 2004**

The Directors have pleasure in presenting their Report together with the audited financial statements for the year ended 31 December 2004.

Principal Activities and Business Review

The company was incorporated 7 March 2003, to act as a Lloyd's Managing Agency. The Company was authorised as a Lloyd's Managing agency on 17 November 2003 but did not trade in the period ended 31 December 2003.

On 12 May 2004, the management of Goshawk Syndicate 102 was novated to Cavell Managing Agency Limited.

Auditors

Littlejohn Frazer have been appointed as auditors.

Directors and their interests in shares

The names of the Directors at the date of this Report appear on page 1. On 12 May 2004 J P Tilling, M G Smith and R E McCoy were appointed.

According to the register kept for the purpose of the Companies Act 1985, no Director has any beneficial interest or option to subscribe for shares in the Company.

A K Quilter and K E Randall are directors of the ultimate parent undertaking, and their interests in the share capital of that company are shown in its financial statements. C W Singh has an interest in the share capital of Renaissance Capital Partners Limited, a fellow subsidiary undertaking. J P Tilling, M G Smith, A C Pollard and R E McCoy have no interest in the share capital of any group company.

Directors' and Officers' Liability Insurance

As permitted by the Companies Act 1985, an insurance policy has been purchased on a group basis which covers the Directors of the Company.

Statement of Directors' Responsibilities

Company law requires Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year.

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. The Directors also confirm that applicable accounting standards have been followed subject to any material departures disclosed and explained in the notes to the financial statements.

Report of the Directors
For the period ended 31 December 2004 (Continued)

Statement of Directors' Responsibilities (Continued)

The Directors have prepared the financial statements on the going concern basis and have kept proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

A handwritten signature in black ink, appearing to read 'A. K. Quilter', is written over the printed name.

A. K. Quilter
Director

31 March 2005

Independent Auditors' Report to the Shareholders of Cavell Managing Agency Limited

We have audited the Company's financial statements for the period ended 31 December 2004 which comprise the Profit and Loss Account, Balance Sheet and the related notes on pages 7 and 8. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and Auditors

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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 Directors 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 the Report of the Directors 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 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 as at 31 December 2004, and 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

31 March 2005

1 Park Place
Canary Wharf
London E14 4HJ

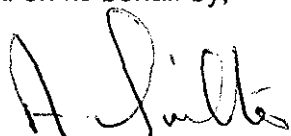
Profit and loss account
For the year ended 31 December 2004

The result for the year was NIL (2003 – Nil). Details of expenses borne by another group company are included at note 2.

Balance sheet
As at 31 December 2004

	Note	2004 £000	2003 £000
Current Assets			
Amounts due to group undertakings		375	-
Cash at bank		25	25
		<u>400</u>	<u>25</u>
Creditors : amounts falling due within one year	3	(375)	-
Net current assets		<u>25</u>	<u>25</u>
Total net assets		<u>25</u>	<u>25</u>
Capital and Reserves			
Called up share capital	4	25	25
Profit and loss account		-	-
Equity Shareholders' funds	5	<u>25</u>	<u>25</u>

The financial statements were approved by the Board of Directors on 31 March 2005 and were signed on its behalf by;



A K Quilter
Director

The accounting policies and notes on pages 7 and 8 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2004

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost basis of accounting.

Income and expenditure recognition

The Company acts as the managing agent of GoshawkK syndicate 102. The management of the run off of the Goshawk syndicate 102 has been delegated to another group company. Under the terms of the run off services agreement with Goshawk syndicate 102, all costs incurred by the Company are recovered from the syndicate. For accounts purposes these recoveries have been offset against the expenses incurred. Accordingly the profit and loss account shows no income or expenses.

2. Costs borne by other group companies

Certain specific costs of the Company have been recovered from GoshawkK syndicate 102.

	2004 £	2003 £
Auditors remuneration		
- for audit services	3,500	3,500
Directors fees	<u>75,417</u>	<u>-</u>

3. Creditors: amounts falling due within one year

The Company has a subordinated loan from its parent, Randall & Quilter Investment Holdings Limited (R&QIH). The loan from R&QIH amounts to £375,000 and is unsecured and interest free. Prior consent in any event is required from Lloyds' for the loan to be repaid.

4. Called up share capital

	2004 £000	2003 £000
Authorised, allotted, called up and fully paid		
25,000 ordinary shares of £1 pence each	<u>25</u>	<u>25</u>

Notes to the financial statements**For the year ended 31 December 2004 (continued)****5. Shareholders' funds**

	2004	2003
	£000	£000
2004		
At 1 January	25	25
Retained profit for the financial period	-	-
At 31 December	<u>25</u>	<u>25</u>

6. Related party transactions

The Company is a wholly owned subsidiary undertaking of Randall & Quilter Investment Holdings Limited and has taken advantage of provisions in Financial Reporting Standard No. 8 (FRS8) which allows the Company not to disclose transactions with other consolidated group companies qualifying as related where there is a 90% or more relationship. There are no other related party transactions requiring disclosure.

7. Cash flow statement

Advantage has been taken of the exemption under Financial Reporting Standard 1 (Revised), "Cash Flow Statements", from preparing a cash flow statement on the grounds that the Company is a wholly owned subsidiary undertaking of Randall & Quilter Investment Holdings Limited, and is included within the publicly available consolidated accounts of that company.

8. Ultimate parent undertaking

The Company's immediate and ultimate parent undertaking is Randall & Quilter Investment Holdings Limited, which is registered in England and Wales. The financial statements of the parent undertaking can be obtained from 9-13 Fenchurch Buildings, London, EC3M 5HR.