

RWS AGENCY LIMITED

FINANCIAL STATEMENTS

31ST DECEMBER 1999

COMPANY REGISTRATION NUMBER: 748587



DIRECTOR'S REPORT

The director is pleased to submit the report and the audited financial statements for the year to 31st December 1999.

REVIEW OF BUSINESS

The Company is a registered Lloyd's Members' Agency although it no longer trades.

RESULTS AND DIVIDENDS

The profit for the year to 31st December 1999 amounted to £573,994 (1998 - profit £1,303,715). The director does not recommend payment of a dividend (1998 - £Nil), and there is thus £573,994 to be transferred to reserves (1998 - £1,303,715 transferred to reserves).

DIRECTOR

Mr A J Gibson has been the director from 1st January 1999 to the date of this report and is also a director of the ultimate holding company, Ockham Holdings PLC.

The interests of the director at 31st December 1999 in the share capital of the ultimate holding company are shown in the accounts of that company.

YEAR 2000

The director considers that as the Company is not trading there is unlikely to be any negative impact as a result of the year 2000 issue. As a consequence there are no material cost implications.

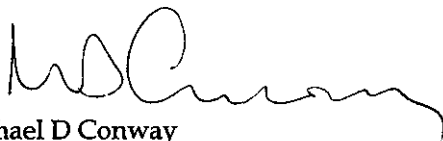
MANAGEMENT

SLA Holdings Limited provides the company with management services.

AUDITORS

Ernst & Young have expressed their willingness to continue as auditors and will be reappointed at the Annual General Meeting.

By Order of the Board



Michael D Conway
Secretary

3rd Floor
164 Bishopsgate
London
EC2M 4NY

26 April 2000

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is required by the Companies Act 1985 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 for the financial year.

The director considers that in preparing the financial statements on pages 4 to 9, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which he considers to be applicable have been followed. These accounts have been prepared on a going concern basis.

The director has responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable him to ensure that the financial statements comply with the Companies Act 1985.

The director has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and to detect fraud and other irregularities.

REPORT OF THE AUDITORS

to the members of R W S Agency Limited

We have audited the accounts on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of director and auditors

As described on page 2 the company's director is responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31st December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
London
Registered Auditor

26 April 2000

PROFIT AND LOSS ACCOUNT

Year to 31st December 1999

	Note	1999 £	1998 £
TURNOVER	2	-	(18,161)
Operating expenses	4	(20,000)	184,199
OPERATING PROFIT		(20,000)	166,038
Deferred cash consideration - from discontinued operatio	8	545,903	1,057,838
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		525,903	1,223,876
Net interest and other income receivable	5	59,928	28,161
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		585,831	1,252,037
Taxation on profit on ordinary activities	6	(11,837)	51,678
PROFIT FOR THE FINANCIAL YEAR		573,994	1,303,715
Retained profit/(loss) at beginning of the year		736,753	(566,962)
RETAINED PROFIT AT END OF THE YEAR		1,310,747	736,753

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR TO 31ST DECEMBER 1999

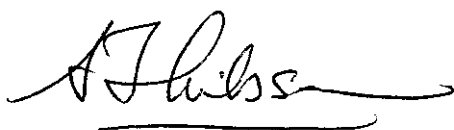
There were no recognised gains and losses other than the profit attributable to the shareholder of £573,994 for the year to 31st December 1999 (1998 - £1,303,715).

BALANCE SHEET

As at 31st December 1999

	Note	1999 £	1998 £
CURRENT ASSETS			
Debtors - amounts falling due within one year	7	1,560,747	986,753
NET ASSETS		<u>1,560,747</u>	<u>986,753</u>
CAPITAL AND RESERVES			
Called-up share capital	9	250,000	250,000
Profit and loss account		1,310,747	736,753
TOTAL SHAREHOLDER'S FUNDS - EQUITY	10	<u>1,560,747</u>	<u>986,753</u>

Approved by the director and signed on 26 April 2000

A J Gibson
Director

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Accounting convention

The audited financial statements have been prepared in accordance with applicable accounting standards, under the historical cost convention.

(b) Turnover

Turnover consists of underwriting agency fees, winding up fees and profit commission receivable.

(c) Lloyd's underwriting agency fees

These represent net fee income receivable from Names at Lloyd's.

(d) Lloyd's underwriting profit commission

Profit commission is receivable after the syndicate's underwriting year is closed, normally at the end of three calendar years, and is accounted for when determined.

(e) Deferred taxation

Deferred taxation is accounted for on the liability method on timing differences to the extent that a liability is expected to crystallise within the foreseeable future or an asset is expected to be recovered out of corporation tax payable on profits of the following accounting period.

(f) Cash Flow Statement

In accordance with Financial Reporting Standard Number 1, Cash Flow Statements, the company is not required to prepare a cash flow statement because more than 90% of the voting rights of the Company are held within the Group and the Group's consolidated financial statements are publicly available.

(g) Investment income

Investment income is accounted for on a receivable basis, including, where appropriate, the imputed tax credit. Dividends are recognised on the date on which the stock goes ex-dividend. Interest income is accrued up to the balance sheet date

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SEGMENTAL INFORMATION

Turnover and operating profit arise principally in the United Kingdom, from business underwritten at Lloyd's on behalf of Names resident in the United Kingdom and overseas.

Turnover

	1999	1998
	£	£
Lloyd's underwriting agency fees	-	10,936
Lloyd's underwriting profit commission	-	(39,534)
Winding up fees	-	10,437
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	-	(18,161)
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3. DIRECTOR'S AND EMPLOYEES

(a) Staff costs (including director)

The company has no employees (1998 - nil).

(b) Director's emoluments

	1999	1998
	£	£
Management remuneration, including pension contributions	-	2,500
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The emoluments of the director was paid by Ockham Holdings PLC and is charged in the accounts of that company.

4. OPERATING EXPENSES

Auditors' remuneration is borne by the ultimate holding company.

5. NET INTEREST AND OTHER INCOME RECEIVABLE

	1999	1998
	£	£
Dividends received from Falcon Agencies Limited	-	21,537
Gain on sale of investments	-	6,514
Interest receivable	59,928	110
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	59,928	28,161
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NOTES TO THE FINANCIAL STATEMENTS - continued

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
UK Corporation tax:		
Current year	11,837	(105,536)
Prior years	-	196
Deferred tax:		
Current year	-	53,662
Total tax charge/(relief)	11,837	(51,678)

UK Corporation tax has been provided at 30.25% (1998 - 31%).

7. DEBTORS - amounts falling due within one year

	1999 £	1998 £
Corporation tax	148	109,843
Corporation of Lloyd's	-	13,796
Amounts due from SLA Holdings Limited	1,512,657	863,114
Amounts due from Ockham Holdings PLC	47,942	-
	1,560,747	986,753

8. DISCONTINUED OPERATIONS

On 26th October 1994, the shareholders of SLA Holdings Limited approved the sale of the ongoing business of the Company to Falcon Agencies Limited ("Falcon") for an initial consideration of £62,817 in cash, £16,150 in respect of assets and £46,667 for sale of the business. In addition the Company received 253,381 6.8% Cumulative Redeemable Preference shares of £1 each for sale of the business.

The Company may also be entitled to receive deferred cash consideration depending on the future results of Falcon Agencies Limited, the total amount of which is limited to £5 million, of which the Company's share will be determined by the ratio of the capacity of the Company's Names who novated to Falcon for the 1995 underwriting year of account compared to the total of the capacity of all Names who novated to Falcon from the Company and SLA Mem D Limited for the 1995 underwriting year of account. Deferred consideration of £545,903 was received in 1999 (1998 - £1,057,838).

Following the sale of the ongoing business to Falcon, the Company remained responsible for the affairs of those Names formerly managed by the Company who at 31st December 1994 had ceased underwriting, and provision was made for the expected future losses arising from this responsibility. In September 1998 the ongoing responsibility for the remaining Names for whom the company was formerly responsible, was assumed by Falcon, in return for which the company paid Falcon £202,019.

NOTES TO THE FINANCIAL STATEMENTS - continued

9. CALLED-UP SHARE CAPITAL

	1999	1998
	£	£
Authorised, allotted, issued and fully paid:		
60 'A' ordinary £1 shares	60	60
30 'B' ordinary £1 shares	30	30
249,900 ordinary £1 shares	249,900	249,900
1,000 special ordinary 1p shares	10	10
	<hr/> 250,000	<hr/> 250,000

The holders of the ordinary and special ordinary shares are not entitled to vote. The 'A' and 'B' and special ordinary shares are not entitled to participate in any dividend payment.

10. MOVEMENTS IN SHAREHOLDER'S FUNDS

	1999	1998
	£	£
Retained profit for the year	573,994	1,303,715
Shareholder's funds/(deficit) at the beginning of the year	986,753	(316,962)
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Shareholder's funds at the end of the year	1,560,747	986,753

11. LITIGATION

The Litigation in relation to Syndicates 134, 184, 317 and 421 has been inactive. The action in relation to Syndicates 1035, 231, 1031, 1041, 1145, 604, 80, 843, 418 and 367 has been dismissed.

There remains a possibility that a small minority of Names who did not accept the Lloyd's Settlement Offer decide to pursue litigation against the Company. Nonetheless the Director considers that the likelihood of any residual litigation having a material adverse effect on the financial position of the Company is minimal.

12. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in Financial Reporting Standard 8(3) from disclosure of related party transactions with other entities included in the consolidated financial statements of Ockham Holdings PLC.

NOTES TO THE FINANCIAL STATEMENTS - continued

13. ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS

The Company's immediate parent undertaking is SLA Investments Limited, a company registered in England and The ultimate holding company and the smallest and largest holding company for which the group accounts are prepared, is Ockham Holdings PLC, a company registered in England and Wales. Copies of that company's financial statements may be obtained from 3rd Floor, 164 Bishopsgate, London, EC2M 4NY.