

SOC PRIVATE CAPITAL LIMITED
ANNUAL FINANCIAL STATEMENTS
31 March 2001

Company registration number: 741597



SOC PRIVATE CAPITAL LIMITED

Financial Statements

31 March 2001

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SOC PRIVATE CAPITAL LIMITED

Directors' report for the year ended 31 March 2001

The directors present their annual report and the audited financial statements for the year ended 31 March 2001.

1. Principal activities

The activities of the Group during the period consist of acting as a Lloyd's members' underwriting agent and providing a taxation service for Names at Lloyd's and other individuals.

2. Results and dividend

The results of the Group for the period are shown on page 8. The directors do not propose to pay a final dividend (2000:£3,461,000).

3. Board of directors

The directors listed below have held office during the whole of the period up to the date of this report, unless stated otherwise.

Lord Romsey	(Non-Executive Chairman)	
Mr A J Annandale	(Managing Director)	
Mr J S Barber	(Non-Executive)	(Resigned 18 July 2000)
Mr T R Bird		(Appointed 1 May 2001)
Mr C J R Fairs	(Compliance Director)	(Appointed 1 October 2000)
Mr D B K Harrison	(Non-Executive)	
Mr G B Hudson		
Mr P A Maidens		
Mr D Monksfield		
Mr M W Payne	(Non-Executive)	
Mr J Pinchin	(Non-Executive)	
Mr J P Pither	(Non-Executive)	(Resigned 17 May 2000)
Mr T R Riddell	(Finance Director)	
Mr P Sandilands	(Non-Executive)	

SOC PRIVATE CAPITAL LIMITED

Directors' report for the year ended 31 March 2001

4. Directors' interests

The interests of the directors who were in office at 31 March 2001, in the share capital of the company and of other group companies are as follows:

SOC Group plc	31 March	31 March
Ordinary voting 'A' shares of 10 pence each	2001	2000
Mr M W Payne	70,814	70,814
Mr A J Annandale	20,000	20,000
Mr C J R Fairs	10,000	-
Mr G B Hudson	10,975	10,975
Mr P A Maidens	66,042	17,808
Mr D Monksfield	10,000	-
Mr J Pinchin	25,000	25,000
Mr T R Riddell	82,403	32,401
Lord Romsey	50,000	50,000
SOC Group plc	31 March	31 March
Voting 'B' shares of 1 pence each	2001	2000
Mr P A Maidens	-	482
Mr T R Riddell	-	500
SOC Group plc	31 March	31 March
Deferred shares of 1 pence each	2001	2000
Mr J P Pither	4,037	-
Mr T R Riddell	500	-
SOC Group plc	31 March	31 March
Share options	2001	2000
Mr A J Annandale	200,000	-
Mr T Bird	55,000	-
Mr C J Fairs	30,000	-
Mr G B Hudson	75,000	-
Mr P A Maidens	150,000	-
Mr D Monksfield	70,000	-
Mr T R Riddell	300,000	-

Mr Harrison is also a director of Harrison Bros. Underwriting Agencies Limited. Harrison Bros. Underwriting Agencies Limited held 236,190 'A' shares of 10p each on 31 March 2001.

Except as noted no directors had any other interest at any time during the year in the share capital of the company or its parent undertaking.

All the directors, except Messrs Pinchin and Fairs, underwrote at Lloyd's. All other directors underwrote through the company and did so on the same terms and conditions as other Names for whom the company acts.

Except for those disclosed in Note 23, no directors had any other interest in contracts or arrangements with the company during the year.

SOC PRIVATE CAPITAL LIMITED

Directors' report for the year ended 31 March 2001

4. Fixed assets

The movements in fixed assets are set out in note 11 of the financial statements.

5. Directors' and officers' insurance

The company had directors' and officers' insurance in place during the period.

6. Creditor payment policy

The company is responsible for agreeing terms and conditions under which business transactions with their suppliers are conducted. Payments to suppliers are made in accordance with those terms, provided that suppliers also comply with all relevant terms and conditions.

7. Directors' responsibilities

Company law requires the 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 period. In preparing those financial statements, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent; and
- c) 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.

SOC PRIVATE CAPITAL LIMITED

Directors' report for the year ended 31 March 2001

8. Auditors

A resolution to re-appoint Mazars Neville Russell as the company's auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'C J R Fairs', followed by a period.

Mr C J R Fairs
Secretary

122 Leadenhall Street
London
EC3V 4SJ

6 July 2001

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SOC PRIVATE CAPITAL LIMITED

We have audited the financial statements on pages 8 to 21. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 11 to 12.

Respective responsibilities of 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 law and United Kingdom 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. 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 the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. 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 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 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


MAZARS NEVILLE RUSSELL
CHARTERED ACCOUNTANTS
and Registered Auditors
24 Bevis Marks
London EC3A 7NR

July 2001

SOC PRIVATE CAPITAL LIMITED

Consolidated Profit and Loss Account for the year ended 31 March 2001

	Notes	2001 £000	2000 £000
Revenue			
Turnover	2	4,641	7,960
Investment income	6	25	268
		<u>4,666</u>	<u>8,228</u>
Expenses		<u>(4,316)</u>	<u>(5,239)</u>
Operating profit		350	2,989
Interest payable	7	<u>(17)</u>	<u>(7)</u>
Profit on ordinary activities before taxation	3	333	2,982
Taxation on profit on ordinary activities	8	<u>-</u>	<u>(274)</u>
Profit on ordinary activities after taxation		333	2,708
Dividend	9	<u>-</u>	<u>(3,461)</u>
Retained profit/(loss) for the financial period		<u>333</u>	<u>(753)</u>

Revenue and operating profit derive wholly from continuing operations.

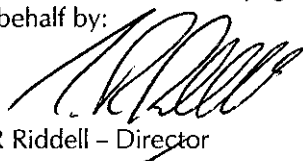
The company has no recognised gains or losses other than earnings for the above periods.

SOC PRIVATE CAPITAL LIMITED

Consolidated Balance Sheet at 31 March 2001

	Notes	2001 £000	2000 £000
Fixed assets:			
Intangible assets	10	476	536
Tangible assets	11	477	225
		<hr/>	<hr/>
		953	761
Current assets			
Debtors	13	3,996	2,979
Cash and deposits		346	835
		<hr/>	<hr/>
		4,342	3,814
Creditors: amounts falling due within one year	14	2,787	2,419
		<hr/>	<hr/>
Net current assets		1,555	1,395
		<hr/>	<hr/>
Total assets less current liabilities		2,508	2,156
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	15	33	56
Provisions for liabilities and charges	16	42	-
		<hr/>	<hr/>
		75	56
		<hr/>	<hr/>
Net assets		2,433	2,100
		<hr/>	<hr/>
Capital and reserves:			
Called up share capital	17	500	500
Profit and loss account	18	1,933	1,600
		<hr/>	<hr/>
	19	2,433	2,100
		<hr/>	<hr/>

The financial statements on pages 8 to 21 were approved by the Board of directors on 6 July 2001 and signed on its behalf by:



Mr T R Riddell – Director

SOC PRIVATE CAPITAL LIMITED

Company Balance Sheet at 31 March 2001

	Notes	2001 £000	2000 £000
Fixed assets:			
Intangible assets	10	476	536
Tangible assets	11	477	225
		<u>953</u>	<u>761</u>
Investments:			
Subsidiary undertakings	12	51	51
		<u>1,004</u>	<u>812</u>
Current assets			
Debtors	13	3,996	2,979
Cash and deposits		346	835
		<u>4,342</u>	<u>3,814</u>
Creditors: amounts falling due within one year	14	2,838	2,470
Net current assets		<u>1,504</u>	<u>1,344</u>
Total assets less current liabilities		<u>2,508</u>	<u>2,156</u>
Creditors: amounts falling due after more than one year	15	33	56
Provisions for liabilities and charges	16	42	-
		<u>75</u>	<u>56</u>
Net assets		<u>2,433</u>	<u>2,100</u>
Capital and reserves:			
Called up share capital	17	500	500
Profit and loss account	18	1,933	1,600
	19	<u>2,433</u>	<u>2,100</u>

The financial statements on pages 8 to 21 were approved by the Board of directors on 6 July 2001 and signed on its behalf by:

Mr T R Riddell – Director

SOC PRIVATE CAPITAL LIMITED

Notes to the financial statements – 31 March 2001

1. Accounting policies

Basis of preparation

The company is a wholly owned subsidiary undertaking of SOC Group plc, a company registered in England and Wales. SOC Group plc prepares consolidated financial statements, which include a consolidated cash flow statement.

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

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and of each of its subsidiary undertakings for the year ended 31 March 2001. The results of subsidiary undertakings are consolidated from the date of acquisition to the date of disposal. No profit and loss account is presented for SOC Private Capital Limited as permitted by Section 230 of the Companies Act 1985. The result for the company is the same as for the group in both periods.

Foreign currency translation

Foreign currency transactions are translated into Sterling at the average rate for the period.

Foreign currency monetary assets and liabilities are translated into Sterling at the rate ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account.

Revenue

Management fees are receivable annually in advance and are recorded in the accounting period to which they relate.

Underwriting profit commission is recorded in the accounting period in which it is determined. The underwriting result, upon which the commission is calculated, is normally declared in the year following the closure of the relevant underwriting account under the Lloyd's three year accounting convention.

Winding up fees are charged evenly over the three year period commencing in the financial year following a Name's final year of account.

SOC Taxation fees are accounted for in the period in which they are earned and are included in Revenue exclusive of VAT.

Interest on short term deposits is credited as it is earned.

SOC PRIVATE CAPITAL LIMITED

Notes to the financial statements – 31 March 2001

1. Accounting policies (continued)

Pensions

Pension costs to the defined contribution scheme are charged to the profit and loss account as they accrue.

Tangible fixed assets

Depreciation is provided on all tangible assets on a straight line basis in order to write off the cost of the assets, less their estimated residual values, over their expected useful economic lives.

Deferred taxation

Deferred taxation is provided using the liability method on timing differences to the extent that it is probable that a liability or asset will crystallise.

Amortisation of goodwill

Goodwill on acquisition of business is amortised on a straight line basis over a period of ten years in order to write off the cost of the assets over the expected useful economic lives.

2. Operating income

Operating income arises wholly within the United Kingdom.

	2001 £000	2000 £000
Profit commission	9	2,676
Management fees	3,956	4,216
Other	676	1,068
	<hr/>	<hr/>
	4,641	7,960
	=====	=====

3. Profit on ordinary activities before taxation

	2001 £000	2000 £000
Profit on ordinary activities before taxation is stated after charging:		
Salaries and associated expenses (note 4)	2,083	3,143
Amortisation of intangible fixed assets	60	55
Depreciation of fixed assets after management charge	124	183
Auditors' remuneration		
- Audit	22	15
- Non-audit services	81	4

SOC PRIVATE CAPITAL LIMITED

Notes to the financial statements – 31 March 2001

4. Employee information

	2001 £000	2000 £000
Wages and salaries (including directors' fees)	1,733	2,649
Social security costs	184	263
Pensions (note 21)	166	231
	<u>2,083</u>	<u>3,143</u>
	=====	=====

Pension costs relate to charges in respect of the defined benefit and defined contribution schemes.

Average number of persons
employed during the period:

	2001 No	2000 No
Lloyd's members' agency and taxation services	50	54
	=====	=====

5. Directors' remuneration

Mr Monksfield is also a director of Richmond Underwriting Limited, a fellow group undertaking. Mr Monksfield was remunerated for his services to the group as a whole and does not receive any emoluments in respect of his services for the SOC Private Capital Limited.

Remuneration disclosed below relates to directors who are remunerated specifically for their services to the company.

	2001 £000	2000 £000
Aggregate emolument	507	895
Company pension contributions	45	3
	<u>552</u>	<u>898</u>
	=====	=====

Directors' remuneration includes amounts paid to the highest paid director of:

	2001 £000	2000 £000
Aggregate emoluments	109	192
Company pension contributions	11	1
	<u>120</u>	<u>193</u>
	=====	=====

SOC PRIVATE CAPITAL LIMITED

Notes to the financial statements – 31 March 2001

6.	Investment income	2001 £000	2000 £000
	Deposit interest	25	268
		<u>25</u>	<u>268</u>
		=====	=====
7.	Interest payable	2001 £000	2000 £000
	Payable to group undertakings	17	7
		<u>17</u>	<u>7</u>
		=====	=====
8.	Taxation on profit on ordinary activities	2001 £000	2000 £000
	United Kingdom corporation tax at 30% (2000 – 30.25%)	-	286
	Adjustment in respect of prior years	-	(12)
		<u>-</u>	<u>274</u>
		=====	=====
9.	Dividends payable	2001 £000	2000 £000
	Paid 2000: (£6.92 per non-voting shares of £1 each)	-	3,461
		<u>-</u>	<u>3,461</u>
		=====	=====

SOC PRIVATE CAPITAL LIMITED

Notes to the financial statements – 31 March 2001

10. Fixed assets			
Intangible assets			
Company and Group			
	Harrison Bros. Underwriting £000	Morgan Fentiman & Barber £000	Total £000
Cost:			
At 1 April 2000	404	200	604
	<hr/>	<hr/>	<hr/>
At 31 March 2001	404	200	604
	<hr/>	<hr/>	<hr/>
Amortisation:			
At 1 April 2000	30	38	68
Charged in the year	40	20	60
	<hr/>	<hr/>	<hr/>
At 31 March 2001	70	58	128
	<hr/>	<hr/>	<hr/>
Net book value at 31 March 2001	334	142	476
	<hr/>	<hr/>	<hr/>
Net book value at 31 March 2000	374	162	536
	<hr/>	<hr/>	<hr/>

In April 1998, the Group paid £200,000 to MFB in respect of Goodwill of its members' agency business. Additionally, in July 2000, the Group paid £404,000 for Harrison Bros. Underwriting Agencies Limited of which £369,300 was in respect of goodwill of the members' agency business and £34,700 related to associated legal costs.

This included the exclusive right for the Group to hold itself out as carrying on the business of members' agent in succession to both companies.

SOC PRIVATE CAPITAL LIMITED

Notes to the financial statements – 31 March 2001

11.	Tangible fixed assets Company and Group			
		Office fixtures & equipment £000	Computer hardware/ software £000	Total £000
	Cost			
	At 1 April 2000	165	1,700	1,865
	Additions	389	30	419
		<hr/>	<hr/>	<hr/>
	At 31 March 2001	554	1,730	2,284
		<hr/>	<hr/>	<hr/>
	Depreciation:			
	At 1 April 2000	147	1,493	1,640
	Provided in the year	48	119	167
		<hr/>	<hr/>	<hr/>
	At 31 March 2001	195	1,612	1,807
		<hr/>	<hr/>	<hr/>
	Net book value At 31 March 2001	359	118	477
		<hr/>	<hr/>	<hr/>
		=====	=====	=====
	Net book value At 31 March 2000	18	207	225
		<hr/>	<hr/>	<hr/>
		=====	=====	=====
	Principal rates of depreciation	10-20%	20-33%	

SOC PRIVATE CAPITAL LIMITED

Notes to the financial statements – 31 March 2001

12.	Fixed assets		
	Subsidiary undertakings		
	Company	2001	2000
		£000	£000
	Unlisted shares at cost, less amounts written off		
	At 31 March 2000 and 31 March 2001	51	51
		=====	=====

The company's subsidiary undertakings at 31 March 2001 were:

	Country of Registration	Class of share and percentage held
Names Taxation Service Limited	England and Wales	100% of A, B and C voting shares of £1 each
SOC Taxation Consultants Limited	England and Wales	100% of voting shares of £1 each
Exford One Limited	England and Wales	100% of voting and non-voting shares of £1 each
SOC Corporate Capital Services Limited	England and Wales	100% of shares of £1 each
Winsford One Limited	England and Wales	100% of voting and non-voting shares of £1 each

All the above subsidiaries have not traded during the period with the exception of SOC Taxation Consultants Limited. SOC Taxation Consultants Limited provides a general taxation service and tax service for Names at Lloyd's.

All of the above have been included in the consolidated accounts.

SOC PRIVATE CAPITAL LIMITED

Notes to the financial statements – 31 March 2001

13. Debtors

	Group		Company	
	2001	2000	2001	2000
	£000	£000	£000	£000
Amounts falling due within one year:				
Amounts owed by other group undertakings	2,407	985	2,407	985
Other debtors	792	1,365	792	1,365
Amounts recoverable from group undertakings in respect of taxation	-	-	-	-
Taxation recoverable	322	134	322	134
Prepayments and accrued income	353	394	353	394
Amounts falling due after one year:				
Other debtors	122	101	122	101
	<u>3,996</u>	<u>2,979</u>	<u>3,996</u>	<u>2,979</u>
	=====	=====	=====	=====

14. Creditors: amounts falling due within one year

	Group		Company	
	2001	2000	2001	2000
	£000	£000	£000	£000
Amounts owed to subsidiary undertakings	-	-	51	51
Amounts owed to other group undertakings	725	264	725	264
Other creditors	1,854	2,050	1,854	2,050
Accruals and deferred income	208	105	208	105
	<u>2,787</u>	<u>2,419</u>	<u>2,838</u>	<u>2,470</u>
	=====	=====	=====	=====

15. Creditors: amounts falling due after more than one year Company and Group

	2001	2000
	£000	£000
Other creditors	<u>33</u>	<u>56</u>
	=====	=====

SOC PRIVATE CAPITAL LIMITED

Notes to the financial statements – 31 March 2001

16. Provisions for liabilities and charges Company and Group

	At 1 April 2000 £000	Utilisation and other movements £000	At 31 March 2001 £000
Indemnity and cost arising from errors and omissions claims (see note 20)	-	42	42
	=====	=====	=====

17. Called up share capital

	2001 Number	2001 £	2000 Number	2000 £
Authorised, issued and fully paid:				
Voting shares of £1 each	100	100	100	100
Non-voting shares of £1 each	499,900	499,900	499,900	499,900
	=====	=====	=====	=====
	500,000	500,000	500,000	500,000
	=====	=====	=====	=====

Voting shareholders have no rights to receive dividends or assets upon the winding up of the company. Non-voting shareholders have the right to receive dividends and assets upon the winding up of the company.

18. Profit and loss account

	Group Profit and Loss account £000	Company Profit and loss account £000
At beginning of year	1,600	1,600
Retained profit for the year	333	333
	=====	=====
At 31 March 2001	1,933	1,933
	=====	=====

SOC PRIVATE CAPITAL LIMITED

Notes to the financial statements – 31 March 2001

19. Reconciliation of movements in shareholders' funds

	2001 £000
Profit for the financial year	333
Opening shareholders' funds	2,100
	<hr/>
Closing shareholders' funds	2,433 =====
Equity shares	1,933
Non-equity shares	500
	<hr/>
	2,433 =====

20. Provisions for liabilities and charges

The company is currently defending claims from two members under the Lloyd's Arbitration Scheme, the aggregate quantum of which is £42,000.

21. Pensions

The total pension costs for the company during the period was £165,847 (2000: £231,000). Pension costs shown in note 4 are based on an apportionment of the costs incurred by the group in respect of the group personal pension scheme and the defined benefit scheme.

The pension costs of the Group arise from the following scheme.

The company participates in a group personal pension scheme operated by SOC Group plc. The assets of the scheme are held separately from those of the company in independently administered funds. The unpaid contributions outstanding at the year end, included in 'Other creditors' (note 14), are £nil (2000 - £nil).

SOC PRIVATE CAPITAL LIMITED

Notes to the financial statements – 31 March 2001

22. Particulars of transactions involving directors and others

All the directors, except Messrs Pinchin and Fairs, underwrote at Lloyd's through the company and did so on the same terms and conditions as other Names for whom the company acts. The fees payable to the company in respect of their underwriting were:

	2001 £000	2000 £000
Mr M W Payne	13	16
Mr J S Barber	8	10
Mr A G Godson	-	5
Mr G B Hudson	1	1
Mr C H Murphy	-	1
Mr J P Pither	-	5
Mr D B K Harrison	5	-
Mr D Monksfield	1	-

23. Related parties

The company has taken advantage of the 90% exemption rule under FRS8 and not disclosed transactions between group companies.

Mr. J S Barber is also a partner of Morgan, Fentiman and Barber (MFB). In April 1998, the Group paid £200,000 to MFB in respect of Goodwill of its members' agency business. This included the exclusive right for the Group to hold itself out as carrying the business of members' agent in succession to MFB.

On the same date MFB delegated to the Group the administration of the services to be provided by MFB to MFB Names under the Members' Agent's Agreements. For this, the Group charged MFB in the period £27,500 (2000: £47,500) for this service.

24. Parent undertaking

The company's parent undertaking and ultimate parent company is SOC Group plc, a company registered in England and Wales. Copies of its consolidated financial statements can be obtained from the Company Secretary, 122 Leadenhall Street, London EC3V 4SJ.