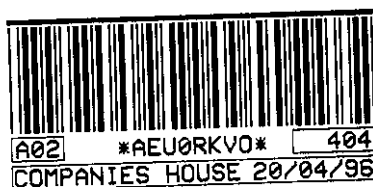


SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

ANNUAL FINANCIAL STATEMENTS

31 December 1995

Company registration number: 741597



SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

Financial Statements

31 December 1995

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# SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

## Directors' report for the year ended 31 December 1995

### 1. Principal activities

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

### 2. Results and dividend

The results of the Group for the year are shown on page 7. Loss on ordinary activities before taxation for the year amounted to £439,921. The directors do not propose a dividend.

### 3. Board of directors

The directors of the company at 31 December 1995 all of whom held office throughout the year, except as noted below, were:

Mr M J Crispin	(Chairman)
Mr C D Spence	(Managing Director)
Mr R J A Brett	(Resigned 30 June 1995)
Mr A G Godson	
Mrs K J Harris	
Mr C H Murphy	
Mr T R Riddell	
Mr I C Simpson	
Mr J R Simpson	(Resigned 26 May 1995)
Dame A E Mueller	(Non-Executive) (Resigned 31 December 1995)
Mr J Pinchin	(Non-Executive)
D R J Stewart	(Non-Executive)

### 4. Directors' interests

The interests of the directors who were in office at 31 December 1995, in the share capital of the company and of other group companies are as follows:

Sedgwick Lloyd's Underwriting Agents Ltd <u>Ordinary voting shares of £1 each</u>	<u>31 December</u> <u>1995</u>	<u>31 December</u> <u>1994</u>
Mr M J Crispin	7	7
Mr C D Spence	6	6
Mr A G Godson	2	-
Mrs K J Harris	2	-
Mr C H Murphy	3	-
Mr T R Riddell	3	-
Mr I C Simpson	2	-

# SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

## Directors' report for the year ended 31 December 1995

### 4. Directors' interests (continued)

Sedgwick Group plc <u>Ordinary shares of 10p each</u>		31 December <u>1995</u>	31 December <u>1994</u>
Mr M J Crispin	Beneficial	6,128	6,128
	Non-Beneficial	-	423,587
	Option Shares	46,496	72,634
	Share Save Scheme	17,181	17,181
Mr C D Spence	Beneficial	216	216
	Non-Beneficial	-	423,587
	Option Shares	62,965	56,965
Mr A G Godson	Beneficial	3,252	3,352
	Non-Beneficial	-	423,587
	Options Shares	25,575	25,575
	Share Save Scheme	21,312	21,312
Mrs K J Harris	Beneficial	212	212
	Option Shares	29,344	29,344
Mr C H Murphy	Beneficial	274	268
	Non-Beneficial	-	423,587
	Option Shares	21,902	21,902
	Share Save Scheme	19,246	19,246
Mr J Pinchin	Beneficial	4,200	4,108
	Option Shares	122,922	101,610
	Share Save Scheme	21,312	21,312
Mr T R Riddell	Beneficial	2,274	268
	Option Shares	55,283	33,856
	Share Save Scheme	21,312	21,312
Mr I C Simpson	Beneficial	953	926
	Option Shares	34,414	26,414
	Share Save Scheme	13,604	15,262

The non-beneficial share holdings were held by Directors of Sedgwick Lloyd's Underwriting Agents Limited as Trustees of the Premium Trust Fund investments which are beneficially owned by Names.

Mr M J Crispin holds 1'A' and 1'B' ordinary voting share of £1 each in Standon Underwriting Management Limited on 31 December 1994 and 1995. The company has not traded since 31 December 1985.

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

All the directors, with the exception of Dame A E Mueller and Mr J Pinchin, underwrote at Lloyd's through the company and did so on the same terms and conditions as other Names for whom the company acts.

# SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

## Directors' report for the year ended 31 December 1995

### 4. Directors' interests (continued)

One director is a participant in actions against managing agents at Lloyd's to which actions the company is a defendant as a result of the contractual relationship which existed between Names and their managing agents up to the 1990 underwriting year.

Except for this, no directors had any other interest in contracts or arrangements with the company during the year.

### 5. Fixed assets

The movements in fixed assets are set out in note 9 of the financial statements.

### 6. Directors' and officers' insurance

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

### 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 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;
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) 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.

SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

Directors' report for the year ended 31 December 1995

8. Auditors

A resolution to reappoint Ernst & Young as the company's auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



Mr C H Murphy  
Secretary

Sedgwick House  
The Sedgwick Centre  
London  
E1 8DX

14 February 1996

# REPORT OF THE AUDITORS TO THE MEMBERS OF SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

We have audited the financial statements on pages 7 to 19, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 10 and 11.

## Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

## 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

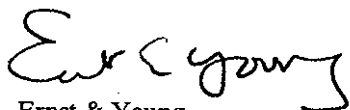
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

## Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the possible outcome of litigation and the potential contributions of the company to the current Lloyd's proposals to fund the reconstruction of the Lloyd's market. The future outcome of these events could result in additional liabilities and uncertainty exists as to the amount of these potential liabilities. Details of the circumstances relating to this fundamental uncertainty are described in notes 17 and 22. 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 affairs of the company and of the Group as at 31 December 1995 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Chartered Accountants  
Registered Auditor  
London

14 February 1996

# SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

## Consolidated Profit and Loss Account for the year ended 31 December 1995

	Notes	1995 £000	1994 £000
Revenue			
Brokerage and fees	2	4,183	5,176
Interest and investment income	6	<u>318</u>	<u>204</u>
		4,501	5,380
Expenses	3	<u>4,896</u>	<u>4,609</u>
Operating (loss) / profit		(395)	771
(Loss) / profit on disposal of tangible fixed assets		(35)	12
Interest payable	7	<u>(9)</u>	<u>(8)</u>
(Loss) / profit on ordinary activities before taxation	2,3	(439)	775
Taxation on profit on ordinary activities	8	<u>479</u>	<u>(348)</u>
Profit on ordinary activities after taxation		40	427
Dividend		<u>-</u>	<u>-</u>
Retained profit for the financial year	15	<u><u>40</u></u>	<u><u>427</u></u>

Revenue and operating profit derive wholly from continuing operations.

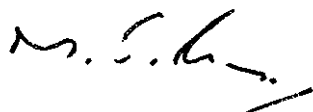
The Group has no recognised gains or losses other than earnings for the above periods.

# SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

## Consolidated Balance Sheet at 31 December 1995

	Notes	1995 £000	1994 £000
Assets employed			
Fixed assets			
Tangible assets	9	<u>202</u>	<u>228</u>
Current assets			
Debtors	11	5,162	4,461
Cash and deposits		<u>771</u>	<u>1,157</u>
		5,933	5,618
Creditors: Amounts falling due within one year	12	<u>2,788</u>	<u>887</u>
Net current assets		<u>3,145</u>	<u>4,731</u>
Total assets less current liabilities		<u>3,347</u>	<u>4,959</u>
Creditors: Amounts falling due after more than one year	13	-	697
Provisions for liabilities and charges	14	<u>539</u>	<u>1,494</u>
		<u>539</u>	<u>2,191</u>
		<u>2,808</u>	<u>2,768</u>
Financed by:			
Shareholders' funds	15	<u>2,808</u>	<u>2,768</u>

The financial statements on pages 7 to 19 were approved by the Board of directors on 14 February 1996 and signed on its behalf by:



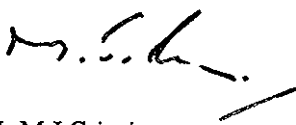
Mr M J Crispin  
Chairman

# SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

## Balance Sheet at 31 December 1995

	Notes	1995 £000	1994 £000
Assets employed			
Fixed assets			
Tangible assets	9	202	228
Investments:			
Subsidiary undertakings	10	<u>56</u>	<u>56</u>
		<u>258</u>	<u>284</u>
Current assets			
Debtors	11	5,162	4,461
Cash and deposits		<u>771</u>	<u>1,157</u>
		5,933	5,618
Creditors: Amounts falling due within one year	12	<u>2,844</u>	<u>943</u>
Net current assets		<u>3,089</u>	<u>4,675</u>
Total assets less current liabilities		<u>3,347</u>	<u>4,959</u>
Creditors: Amounts falling due after more than one year	13	-	697
Provisions for liabilities and charges	14	<u>539</u>	<u>1,494</u>
		<u>539</u>	<u>2,191</u>
		<u>2,808</u>	<u>2,768</u>
Financed by:			
Shareholders' funds	15	<u>2,808</u>	<u>2,768</u>

The financial statements on pages 7 to 19 were approved by the Board of directors on 14 February 1996 and signed on its behalf by:

  
 Mr M J Crispin  
 Chairman

# SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

## Notes to the financial statements - 31 December 1995

### 1. Accounting policies

#### Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies have remained unchanged from the previous year and are set out below.

The company is a wholly owned subsidiary of Sedgwick Group plc, its ultimate parent undertaking. Sedgwick Group plc is registered in England and Wales and prepares consolidated financial statements which include a consolidated cash flow statement. Consequently, the company is neither obliged to produce consolidated financial statements nor required to present a cash flow statement.

#### Basis of consolidation

The consolidated accounts incorporate the accounts of the company and of each of its subsidiary undertakings for the year ended 31 December 1995. No profit and loss account is presented for Sedgwick Lloyd's Underwriting Agents Limited as permitted by Section 230 of the Companies Act 1985.

#### Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Sterling at the rate ruling at the balance sheet date.

#### 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 recorded in the year in which a Name's underwriting affairs would usually be concluded.

Names taxation fees are accounted for in the period in which they are invoiced and are included in Revenue exclusive of VAT.

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

#### Pensions

Pension costs are charged against profits on a systematic basis over the service lives of the eligible employees based on payroll, actuarial methods and assumptions in accordance with the advice of qualified actuaries.

# SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

Notes to the financial statements - 31 December 1995 (continued)

## 1. Accounting policies (continued)

### 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.

### Leased assets

Operating lease rentals are charged to income on a straight line basis over the term of the lease.

### 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.

## 2. Segmental information

Brokerage and fees and profit before taxation arise wholly within the United Kingdom.

## 3. Profit / (loss) on ordinary activities before taxation

	1995 £000	1994 £000
Profit / (loss) on ordinary activities before taxation is stated after charging:		
Salaries and associated expenses (note 4)	2,079	2,122
Depreciation of tangible fixed assets	73	74
Auditor's remuneration		
Audit	25	23
Non-audit services	4	30
Operating lease rentals	43	74
Provisions for legal expenses	500	-

## 4. Employee information

	1995 £000	1994 £000
Salaries and associated expenses (including executive directors):		
Wages and salaries	1,811	1,832
Social security costs	156	163
Pension costs (note 19)	<u>112</u>	<u>127</u>
	<u>2,079</u>	<u>2,122</u>

Pension costs shown above relate to charges made in respect of the defined benefit scheme.

# SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

Notes to the financial statements - 31 December 1995 (continued)

4. Employee information (continued)

Average number of persons  
employed during the year:

Lloyd's members' underwriting agent

1995

1994

58

65

5. Directors' remuneration

Mr Pinchin is Company Secretary for Sedgwick Group plc and Mr J R Simpson was an employee of Sedgwick Analysis Services Limited, a fellow subsidiary of Sedgwick Group plc. Both of them were remunerated in respect of their services to the group as a whole and neither of them receive any emoluments in respect of their services as directors of Sedgwick Lloyd's Underwriting Agents Limited.

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

	1995 £000	1994 £000
Directors fees	20	19
Remuneration for management services (including pension contributions)	<u>565</u>	<u>671</u>
	<u>585</u>	<u>690</u>

Directors' remuneration, excluding pension contributions, includes amounts paid to:

	1995 £000	1994 £000
Chairman	<u>110</u>	<u>103</u>
Highest paid director	<u>117</u>	<u>120</u>

Other directors emoluments, excluding pension contributions, fell within the following ranges:

	1995	1994
£ Nil - £ 5,000	2	2
£ 5,001 - £ 10,000	2	2
£ 30,001 - £ 35,000	1	-
£ 45,001 - £ 50,000	1	3
£ 50,001 - £ 55,000	2	1
£ 55,001 - £ 60,000	1	1
£ 60,001 - £ 65,000	1	1
£ 75,001 - £ 80,000	-	1

# SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

Notes to the financial statements - 31 December 1995 (continued)

## 6. Interest and investment income

1995	1994
£000	£000
Interest income	
<u>318</u>	<u>204</u>

## 7. Interest payable

1995	1994
£000	£000
Payable to group undertakings	
<u>9</u>	<u>8</u>

## 8. Taxation on profit on ordinary activities

	1995	1994
	£000	£000
United Kingdom corporation tax at 33% (1994 - 33%)	(467)	238
Adjustment in respect of prior years	(7)	110
Current taxation	<u>(474)</u>	<u>348</u>
Deferred taxation	<u>(5)</u>	<u>-</u>
	<u>(479)</u>	<u>348</u>

# SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

## Notes to the financial statements - 31 December 1995 (continued)

### 9. Fixed assets: Tangible assets

	Office fixtures & equipment £000	Motor Vehicle £000	Computer Hardware/ Software £000	Total £000
Cost:				
At 1 January 1995	137	266	1,198	1,601
Additions	1	75	43	119
Disposals	<u>-</u>	<u>(152)</u>	<u>-</u>	<u>(152)</u>
At 31 December 1995	<u>138</u>	<u>189</u>	<u>1,241</u>	<u>1,568</u>
Depreciation:				
At 1 January 1995	128	105	1,140	1,373
Provided in the year	4	50	19	73
Disposals	<u>-</u>	<u>(80)</u>	<u>-</u>	<u>(80)</u>
At 31 December 1995	<u>132</u>	<u>75</u>	<u>1,159</u>	<u>1,366</u>
Net book value				
At 31 December 1995	<u>6</u>	<u>114</u>	<u>82</u>	<u>202</u>
Net book value				
At 31 December 1994	<u>9</u>	<u>161</u>	<u>58</u>	<u>228</u>
Principal rates of depreciation	10 - 20%	20%	20 - 33%	

# SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

Notes to financial statements - 31 December 1995 (continued)

10. Fixed assets:  
Subsidiary undertakings

	1995 £000	1994 £000
Unlisted shares at cost, less amounts written off:		
At 1 January 1995 and 31 December 1995	<u>56</u>	<u>56</u>

The company's subsidiary undertakings at 31 December 1995 were:

	<u>Country of registration</u>	<u>Class of share and percentage held</u>
Names Taxation Service Limited	England & Wales	100% of A, B and C voting shares of £1 each
Exford One Limited (formerly Bland Welch Underwriting Limited)	England & Wales	100% of voting and non-voting shares of £1 each
Winsford One Limited (formerly Wigham-Richardson and Bevingtons (Underwriting Agencies) Limited)	England & Wales	100% of voting and non-voting shares of £1 each
Standon Underwriting Management Limited	England & Wales	100% of non- voting shares of 1p each and deferred shares of £1 each
Sedgwick Personal Taxation Service Limited	England & Wales	100% of voting shares £1 each
Sedgwick Corporate Capital Services Limited (formerly Names Advisory Service Limited)	England & Wales	50% of voting shares of £1 each

Messrs M J Crispin and J R Simpson, directors of the company, hold 100% of the voting shares in Standon Underwriting Management Ltd. at 31 December 1994 and 1995. Additionally, Sedgwick Group Nominees Ltd. hold 50% of the voting shares in Sedgwick Corporate Capital Services Limited at 31 December 1994 and 1995. Notwithstanding the above, the company exercises dominant influence over the affairs of Standon Underwriting Management Ltd. and Sedgwick Corporate Capital Services Limited which are therefore treated as subsidiary undertakings.

All the above subsidiary undertakings have not traded during the year with the exception of Names Taxation Service Ltd., which provides a taxation service to Names at Lloyd's and Sedgwick Personal Taxation Service Ltd., which provides a general taxation service.

# SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

Notes to the financial statements - 31 December 1995 (continued)

11. Current assets: debtors

	Group		Company	
	1995	1994	1995	1994
	£000	£000	£000	£000
Amounts falling due within one year:				
Amounts owed by other group undertakings	4,004	4,000	4,004	4,000
Other debtors	460	294	460	294
Taxation recoverable	-	2	-	2
Group tax relief receivable	467	-	467	-
Prepayments and accrued income	42	117	42	117
Amounts falling due after one year:				
Other debtors	<u>189</u>	<u>48</u>	<u>189</u>	<u>48</u>
	<u>5,162</u>	<u>4,461</u>	<u>5,162</u>	<u>4,461</u>

12. Creditors: amounts falling due within one year

	Group		Company	
	1995	1994	1995	1994
	£000	£000	£000	£000
Amounts owed to subsidiary undertakings	-	-	56	56
Amounts owed to other group undertakings	498	276	498	276
Taxation	-	238	-	238
Other creditors	2,197	156	2,197	156
Accruals and deferred income	<u>93</u>	<u>217</u>	<u>93</u>	<u>217</u>
	<u>2,788</u>	<u>887</u>	<u>2,844</u>	<u>943</u>

In respect of the Feltrim Judgement, the plaintiffs have won this case and quantum was determined in January 1996. No appeal is planned. The company has adequate cover excess of its deductibles for Errors and Omissions insurance and the full amount of the deductible, less costs incurred, has been included in Other Creditors.

13. Creditors: amounts falling due after more than one year

	1995	1994
	£000	£000
Other creditors	<u>-</u>	<u>697</u>

# SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

## Notes to the financial statements - 31 December 1995 (continued)

### 14. Provisions for liabilities and charges

	At 1 January 1995 £000	Profit and loss account transfers £000	Utilisation and other movements £000	At 31 December 1995 £000
Deferred taxation:				
Short term timing differences	5	(5)	-	-
Indemnity and costs arising from errors and omissions claims (see Note 17)	<u>1,489</u>	<u>500</u>	<u>(1,450)</u>	<u>539</u>
	<u>1,494</u>	<u>495</u>	<u>(1,450)</u>	<u>539</u>

### 15. Shareholders' funds

	Share capital (Note 16) £000	Profit and loss account £000	Total £000
As at 1 January 1995	500	2,268	2,768
Profit for the financial year	<u>40</u>	<u>40</u>	<u>40</u>
As at 31 December 1995	<u>500</u>	<u>2,308</u>	<u>2,808</u>
As at 1 January 1994	500	1,841	2,341
Profit for the financial year	<u>427</u>	<u>427</u>	<u>427</u>
As at 31 December 1994	<u>500</u>	<u>2,268</u>	<u>2,768</u>

The profit for the financial year has been wholly dealt with in the accounts of the company.

### 16. Called up share capital

	1995		1994	
	Number	£	Number	£
Authorised, issued and fully paid				
Voting shares of £1 each	100	100	100	100
Non-voting shares of £1 each	<u>499,900</u>	<u>499,900</u>	<u>499,900</u>	<u>499,900</u>
	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

# SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

Notes to financial statements - 31 December 1995 (continued)

## 17. Contingent liabilities

The company has been named in writs served by certain Names in respect of their participations on certain syndicates which are managed by the following agents:

Gresham Underwriting Agencies Limited  
 Janson Green Limited  
 Knightstone Underwriting Limited  
 Lambert Brothers (Underwriting Agencies) Limited  
 R A F Macmillan & Co. Limited  
 K P H Marchant Underwriting Limited  
 Octavian Syndicate Management Limited  
 R H M Outhwaite (Underwriting Agencies) Limited  
 John Poland & Co. Limited  
 Secretan (Underwriting Agencies) Limited  
 Sturge Marine Syndicate Management Limited  
 Sturge Non-marine Syndicate Management Limited  
 Wellington Underwriting Agencies Limited

In addition, certain Names have formed action groups in respect of their participations on other syndicates but no writs have been served.

All claims are being thoroughly investigated by our advisers and will be vigorously defended.

The case relating to Merrett Underwriting Agency Management Limited has been won in the high court by certain of the plaintiffs but a decision is awaited on the quantum and contribution.

A general provision has been made, as shown in Note 14, which represents a proportion of the deductibles under the errors and omissions insurance coverage in force when claims were notified. No provision has been made for claims not made. However, the future settlement of these actions or any further actions brought by Names on other syndicates at Lloyd's could result in additional liabilities which, at present, cannot be quantified.

## 18. Operating lease commitments

The company has entered into operating lease arrangements. The rentals payable in 1995 under these leases are analysed below:

Computer hardware leasing	1995 £000	1994 £000
Expiry of lease within:		
One year	<u>7</u>	<u>48</u>
	<u>7</u>	<u>48</u>

# SEDGWICK LLOYD'S UNDERWRITING AGENTS LIMITED

## Notes to financial statements - 31 December 1995 (continued)

### 19. Pensions

The company participates in a group pension scheme operated by Sedgwick Group plc. The scheme is a defined benefit scheme which operates for the benefit of employees in the United Kingdom and covers all eligible current and retired employees. It is funded in accordance with the advice of qualified actuaries, who are employees of the group, and administered by independent trustees. The particulars of the most recent actuarial valuation of the pension scheme are included in the Annual Report of Sedgwick Group plc for the year ending 31 December 1995.

Pension costs shown in note 4 are based on an apportionment of the costs incurred by the group in respect of the group pension scheme.

### 20. Particulars of transactions involving directors and others

All the directors, except Dame A E Mueller and Mr J Pinchin, underwrote at Lloyd's through the company and did so on the same terms and conditions as other Names for whom the company acts. No fees exceeding £5,000 were payable to the company in respect of their underwriting, except for Mr M J Crispin, who was charged a fee of £6,000.

### 21. Parent undertaking

The company's parent undertaking and ultimate parent company is Sedgwick Group plc., a company registered in England and Wales. Copies of its consolidated financial statements can be obtained from Sedgwick House, The Sedgwick Centre, London E1 8DX.

### 22. Reconstruction and Renewal

Lloyd's is implementing its Reconstruction and Renewal Plan ("R&R") which will involve significant contributions from the company to facilitate an ongoing market. As part of the R&R plan there will be an early profit release from the 1994 and 1995 accounts from which agents can use profit commission to fund contributions to the market, which will be sufficient to fund the company's contributions.