UNITED AFRICAN INSURANCE BROKERS LIMITED
(Registered Company No. 1157474)

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1997

DIRECTORS

A G Burton
M A Hedley
E I J G Moss
M A Ranger
J E D Vickers

SECRETARY

M P Chitty

REGISTERED OFFICE

Ten Trinity Square
London EC3P 3AX

AUDITORS

Ernst & Young
Chartered Accountants
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997

The directors present their report together with the accounts for the year ended 31 December 1997.

PRINCIPAL ACTIVITY AND PERFORMANCE REVIEW

The Company is a Lloyd's Broker which during 1996 engaged in international insurance and reinsurance broking.

The Company ceased to trade effective from 1 January 1997 and is now running off its business.

On 20 October 1997 the Company became a wholly-owned subsidiary of Willis Faber Limited following its purchase of the 60,000 "A" ordinary shares of £1 each in the Company from United African Insurance Brokers (London) Limited.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation amounted to £159,000. A final dividend of £3,000 was paid to the holders of 'A' ordinary shares on 23 May 1997 and an interim dividend of £3,000 was paid to the holders of 'A' ordinary shares on 20 October 1997. The directors do not recommend the payment of a final dividend.

CREDITOR PAYMENT POLICY

The Company settles its insurance broking transactions in accordance with the terms and conditions of the market in which it trades and with clients on the terms agreed with them.

The Company's creditor payment policy is described in the accounts of Willis Corroon Group Services Limited, a fellow group undertaking, which arranges the supplies and services on behalf of the Company.

DIRECTORS

The present directors of the Company are named on page 1 which forms part of this report. Chief J Akin-George, Brigadier M O Johnson, Alhaji M M Mahe and Chief S D Odogwu resigned as directors of the Company on 20 October 1997.

The directors who held office on 31 December 1997 and whose interests are not reported in the accounts of a parent company had the following interests in the ordinary shares of Willis Corroon Group plc, the ultimate parent company, as recorded in the register kept for the purpose.

Director	Ordinary Shares of 12½p each		Options over Ordinary Shares of 12½p each			
	1.1.97	31.12.97	1.1.97	Granted	Exercised	31.12.97
A G Burton	4,541	5,006	26,402	-	-	15,560
M A Hedley	73,017	166,679	209,705	2,139	-	184,218
E I J G Moss	56,051	90,768	110,379	-	-	110,379
M A Ranger	509	671	8,733	3,900	-	12,633
J E D Vickers	12,408	43,784	8,255	4,002	-	12,257

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997 (continued)

DIRECTORS (continued)

The Company's ultimate parent company, Willis Corroon Group plc, has established the Willis Corroon Group Employee Share Ownership Plan (the "Plan") which is a discretionary trust and holds ordinary shares of Willis Corroon Group plc. The directors of the Company, who are employees of the Group, are members of the class of potential beneficiaries under the Plan and are to that extent interested in the unallocated Willis Corroon Group plc shares held by the Plan. At 31 December 1997 the Plan held 436,017 unallocated shares.

Shares to be awarded under the Willis Corroon Group's Equity Partnership Plan were forfeited on 1 January 1998 as the performance targets were not met.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ACCOUNTS

The directors are required to report on their responsibilities in relation to the preparation of accounts for each financial year and the following statement should be read in conjunction with the auditors' statement of their responsibilities set out on page 4.

The Companies Act 1985 (as amended) requires the directors to prepare accounts 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 its profit or loss for the financial year.

In preparing the accounts on pages 5 to 12 the directors consider that:

(a) they have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates;

(b) all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985 (as amended).

The directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

AUDITORS

Ernst & Young are willing to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

By order of the Board

M P Chitty
Secretary

24 April 1998

REPORT OF THE AUDITORS TO THE MEMBERS OF UNITED AFRICAN INSURANCE BROKERS LIMITED

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors
As described on page 3 the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors 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 mis-statement, 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 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Chartered Accountants
Registered Auditor
London

28.4 1998

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	1997 £000	1996 £000
DISCONTINUED OPERATIONS			
Turnover	3	145	64
Interest and investment income	4	97	85
OPERATING REVENUE		242	149
Operating expenses		5	11
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	237	138
Tax on profit on ordinary activities	7	78	46
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		159	92
Dividends	8	3	3
RETAINED EARNINGS	13	156	89

Recognised gains and losses

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £159,000 in the year ended 31 December 1997 and of £92,000 in the year ended 31 December 1996.

BALANCE SHEET AT 31 DECEMBER 1997

	Notes	1997 £000	1996 £000
CURRENT ASSETS			
Debtors	9	1,310	1,668
Deposits and cash		1,649	1,694
		2,959	3,362
CURRENT LIABILITIES			
CREDITORS : amounts falling due within one year	10	2,214	2,778
TOTAL ASSETS LESS CURRENT LIABILITIES		745	584
PROVISION FOR LIABILITIES AND CHARGES			
Deferred Tax	11	(63)	(68)
		808	652
CAPITAL AND RESERVES			
Called up share capital	12	300	300
Profit and loss account	13	508	352
SHAREHOLDERS' FUNDS:			
Equity		808	592
Non-equity		-	60
		808	652

Approved on behalf of the Board on 2nd April 1998.

E J G Moss
Director

MOVEMENT IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1997

	1997 £000	1996 £000
Earnings for the financial year	159	92
Dividends	3	3
Net movement in shareholders' funds for the year	156	89
Shareholders' funds at 1 January	652	563
Shareholders' funds at 31 December	808	652

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1997

1. ULTIMATE PARENT COMPANY

The Company became a wholly-owned subsidiary of Willis Faber Limited on 20 October 1997 following the purchase of the 20% interest held by United African Insurance Brokers (London) Limited. The ultimate parent company is Willis Corroon Group plc. Copies of Willis Corroon Group plc's accounts are available to members of the public from the Company Secretary, Ten Trinity Square, London EC3P 3AX.

2. ACCOUNTING POLICIES

(a) Basis of preparation
The accounts have been prepared on the going concern basis under the historical cost convention. The accounts comply with accounting standards applicable in the United Kingdom.

(b) Turnover
The Company takes credit for brokerage income (including fees in lieu) at the date when the insured is debited or at the inception date of the policy, whichever is the later. Brokerage on return and additional premiums and adjustments are brought into account as and when these occur; other fees and commissions are accounted for on a receivable basis.

(c) Currency translation
Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction, or, in the case of forward contracts, in respect of the current year's income, at the contracted rate. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

(d) Insurance broking debtors and creditors
Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding the legal relationships with clients and insurers, insurance brokers are entitled to retain investment income on any cashflows arising from insurance broking transactions and, consequently, debtors and creditors arising from such transactions are shown as assets and liabilities.

As required by FRS 5, debit and credit balances arising from insurance broking transactions are reported as separate assets or liabilities unless such balances are due to or from the same party and the offset would survive the insolvency of that party, in which case they are aggregated into a single net balance.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1997 (continued)

2. ACCOUNTING POLICIES (continued)

(e) Deferred Tax
Provision for deferred tax is made using the liability method for all timing differences to the extent that it is probable that a liability will crystallise.

3. TURNOVER

The turnover comprises net retained brokerage on discontinued operations relating to business originating from Africa, principally Nigeria.

4. INTEREST AND INVESTMENT INCOME

	1997 £000	1996 £000
Interest receivable	97	85

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997 £000	1996 £000
Profit on ordinary activities was arrived at after charging/(crediting):		
Auditors' remuneration		
Audit fees	6	7

6. DIRECTORS' EMOLUMENTS

The directors did not receive any remuneration during the year for their services (1996: £ nil).

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £000	1996 £000
Charge for the year :		
UK corporation tax @ 31.5% (1996: 33%)	74	46
Deferred tax (note 11)	4	-
	78	46

8. DIVIDENDS

	1997 £000	1996 £000
Final proposed on : 'A' ordinary shares (5p per share)	-	3
Interim	3	-
	3	3

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1997 (continued)

9. DEBTORS

	1997 £000	1996 £000
Due within one year:		
Trade debtors	1,309	1,658
Amount owed by group undertakings	1	9
Other debtors	-	1
	1,310	1,668

The level of insurance broking debtors is not an indication of credit risk because the position of the insurance broker as agent means that generally the credit risk is borne by the principals. Nor is it an indication of future cashflows as it is normally practice for insurance brokers to settle accounts with clients, insurers, other intermediaries and market settlement bureaux on a net basis. The simultaneous recording of an insurance broking transaction between client and insurer results in a high level of correlation between insurance broking debtors and creditors.

10. CREDITORS : amounts falling due within one year

	1997 £000	1996 £000
Trade creditors	1,659	2,193
Amounts owed to group undertakings	479	529
Corporate tax	68	44
Advance corporation tax payable	2	1
Accruals and deferred income	6	7
Dividend payable	-	3
Other creditors	-	1
	2,214	2,778

11. DEFERRED TAX

	1997 £000	1996 £000
1 January	(68)	(67)
Transfer to profit and loss account		
- Change of tax rate 33% to 31.5%	4	-
Transfer to current taxation	2	-
Movements on recoverable advance Corporation Tax	(1)	(1)
31 December	(63)	(68)
Deferred tax has been provided in full in respect of liabilities arising from the following timing differences:		
Other timing differences	(63)	(68)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1997 (continued)

12. CALLED UP SHARE CAPITAL

	1997 £000	1996 £000
Authorised, allotted, issued and fully paid :		
60,000 'A' ordinary shares of £1 each	-	60
240,000 'B' ordinary shares of £1 each	-	240
300,000 ordinary shares of £1 each	300	-
	300	300

The authorised and issued share capital of the Company was reorganised on 20 October 1997 by the conversion of each of the Ordinary 'A' shares and Ordinary 'B' shares of £1 each in the capital of the Company into an Ordinary share of £1 each.

Until 20 October 1997 the Company's share capital was comprised of two classes of shares being 'A' ordinary shares ("'A' shares") and 'B' ordinary shares ("'B' shares"). The rights attached to each class of shares were as follows:

(a) Dividends
The holders of the 'A' shares were entitled to a fixed non-cumulative preferential dividend at the rate of 5% per annum on the capital paid-up thereon. The dividend was paid out of available profits in any year or other period for which the Company's accounts are made up. The holders of the 'A' shares had no further rights to participate in profits.

(b) Rights on Winding Up
The holders of the 'A' shares had the right to a return of capital in a liquidation or otherwise in priority to all other shareholders of the Company.

(c) Voting Rights
The holders of the 'A' shares were not entitled to vote at General Meetings unless the business of the meeting included the consideration of a resolution for reducing the capital of the Company by repaying the whole or any part of the capital paid up on the 'A' shares or for the sale of the undertaking of the Company or for winding up the Company.

13. PROFIT AND LOSS ACCOUNT

	1997 £000	1996 £000
1 January	352	263
Retained earnings	156	89
31 December	508	352

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1997 (continued)

14. CONTINGENT LIABILITIES

Assets Subject to Floating Charge
The Company has entered into a Deed as required by the Lloyd's Brokers' bye-law under which all insurance broking account assets are subject to a floating charge held on trust by the Society of Lloyd's for the benefit of the Company's insurance broking creditors. The charge only becomes enforceable under certain circumstances as defined in the Deed. The assets subject to this charge at 31 December 1997 amounted to £2,956,857 (1996 - £3,350,782) and the Company's insurance broking creditors at that date amounted to £2,133,508 (1996 - £2,722,021).

15. DIRECTORS' INTERESTS IN CONTRACTS

The undermentioned directors and, where applicable, persons connected with them as defined in Section 346 of the Companies Act 1985 (as amended) who held office during and at the end of the year were Underwriting Members of Lloyd's through the agency of Willis Faber & Dumas (Agencies) Limited ("WFDA") a subsidiary undertaking of Willis Corroon Group plc.

Chief J Akin-George
A G Burton
M A Hedley
J E D Vickers
Mrs A C Hedley
M A Ranger
E I J G Moss

WFDA receives a fee in respect of each of the above relating to his or her membership of Lloyd's.

Fees exceeding £5,000 were payable to WFDA during 1997 by M A Hedley.

Chief S Dike Odogwu is also an Underwriting Member of Lloyds through another agency.

The Company and other insurance broking subsidiary undertakings of Willis Corroon Group plc place risks with the Syndicates in which the directors, or connected persons, (as defined above) participate in the normal course of broking activities on the same basis they do with other Lloyd's Syndicates.