



**MURRAY LAWRENCE**  
**(UNDERWRITING AGENTS) LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 1998**

Registered Number: 2948671 London

Registered Office  
One Whittington Avenue  
London  
EC3V 1LE



# MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED

## DIRECTORS AND OFFICERS

### Current Directors

T.R. Bruce, Chairman

- \* P.N. Archard, F.C.A.  
Mrs. F.M.T. Bennett, Barrister  
Ms. S.J. Coryn, B.A. (Econ) A.C.I.I.  
J.D. Denoon Duncan, B.A. (Hons)
- \* Sir Ewen Fergusson, G.C.M.G. G.C.V.O. F.C.I.B.  
C.A. Mills, B.Sc. (Hons) A.C.A.  
A.J. Smithson  
D.E. Stafford

\* non-executive

### Secretary

Mrs. S. Henderson, M.A. A.C.I.S.

### Registered Office

One Whittington Avenue  
London  
EC3V 1LE

### Auditors

Deloitte & Touche  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

# **MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1998**

The directors have pleasure in submitting their report and the audited financial statements, together with the auditors' report, for the year ended 31 March 1998.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The Company is a wholly owned subsidiary of ML (Bermuda) Limited and commenced business as a Lloyd's members' agency representing the interests of underwriting members of Lloyd's ("Names") on 1 January 1995.

For the 1997 underwriting account the agency placed premium income capacity of £103 million on 79 syndicates on behalf of 191 natural Names, one corporate member and one Scottish Limited Partnership. With effect from 1 July 1997, the Names of Murray Lawrence (Underwriting Agents) Limited novated to Murray Lawrence Members Agency Limited. No capacity was placed for the 1998 underwriting account.

This Company is subject to Lloyd's rules, regulations and byelaws.

### **RESULTS AND DIVIDENDS**

The profit before tax of the Company for the year ended 31 March 1998 amounted to £822,000 (1997: loss of £697,000) full details of which are set out in the profit and loss account on page 6 and the related notes.

The directors recommend that no dividend be paid (1997: nil).

### **DIRECTORS AND OFFICERS**

The current directors and secretary of the Company are shown on page 1 of this annual report and accounts.

Mr. J.D.C. Smiley resigned from the board of directors on 31 March 1998.

Mr. C.A. Mills was appointed to the board of directors on 5 June 1997.

Mr. G.C.P.R. Walsh resigned as company secretary on 28 January 1998.

Mrs. S. Henderson was appointed as company secretary on 28 January 1998.

### **DIRECTORS' INTERESTS**

Details of the interests of the directors in the shares of Murray Lawrence Holdings Limited, and subsequently ML (Bermuda) Limited, and in options in respect of such shares, are set out in note 6 to the accounts.

### **EMPLOYEES**

The Company remains committed to keeping all employees fully informed about matters relating to the business. Senior executives have a specific responsibility to communicate effectively and to promote a better understanding by employees of the Company's main activities and performance. The Company encourages its employees to develop to their full potential and thereby maximise their contribution to the business. This commitment is achieved through policies and procedures which provide opportunities for recruitment and development which are fair and non discriminatory. The commitment to training and the provision of facilities and support for employees taking professional examinations remains central to the Company's philosophy. The ongoing development of confidence and trust amongst the work force continues to be a central theme in converting the goals of the business into reality.

The Company employees are encouraged to participate in a Group Pension Scheme operated by Murray Lawrence Holdings Limited, the details of which are set out in note 8 to the accounts.

# MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1998 (continued)

### AUDITORS

During the year, Coopers & Lybrand resigned as auditors of the Company. Deloitte & Touche were appointed by the directors to fill the casual vacancy thereby arising. Under the provisions of sections 252, 366A and 386 of the Companies Act 1985 (as amended) ("the Act"), the Company has in general meeting unanimously resolved to dispense with the requirements to lay annual accounts before a general meeting, to hold annual general meetings and to appoint auditors annually. Accordingly, the reappointment of the auditors, Deloitte & Touche, is automatically effected by section 386(2) of the Act.

By order of the board

*Susan M. Henderson*

Mrs. S. Henderson  
Secretary

*5 May 1998*

# MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED

## STATEMENT OF 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

- ☐ select suitable accounting policies and then apply them consistently;
- ☐ make judgements and estimates that are reasonable and prudent; and
- ☐ prepare the financial statements on a 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.

By order of the board

*Susan M. Henderson*

Mrs. S. Henderson  
Secretary

**MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED**

**REPORT OF THE AUDITORS TO THE MEMBERS OF**

**MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED**

We have audited the financial statements on pages 6 to 12 which have been prepared under the accounting policies set out on page 8.

**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 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 at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Deloitte & Touche  
Chartered Accountants and Registered Auditors  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

*19 June 1998*

**MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 1998**

	Notes	1998 £000	1997 £000
Turnover	2	193	924
Expenses		(273)	(1,352)
Exceptional item - write off of intercompany liability		900	-
Exceptional item - R & R contribution	1(j)	-	(263)
<b>Operating profit/(loss)</b>		<b>820</b>	<b>(691)</b>
Interest receivable and similar income		9	1
Interest payable and similar charges		(7)	(7)
<b>Profit/(loss) on ordinary activities before taxation</b>	3	<b>822</b>	<b>(697)</b>
Taxation on profit/(loss) on ordinary activities	9	25	227
<b>Retained profit/(loss) for the year</b>	14	<b>847</b>	<b>(470)</b>

The activities of the business were discontinued with effect from 1 July 1997.

There are no recognised gains or losses in the year other than those included in the profit and loss account, and therefore no statement of total recognised gains and losses is given.

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for the year stated above, and their historical cost equivalents. Accordingly, a note of the historical profits and losses is not given.

The notes on pages 8 to 12 form an integral part of these accounts.

# MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED

## BALANCE SHEET AT 31 MARCH 1998

	<u>Notes</u>	<u>1998</u> <u>£000</u>	<u>1997</u> <u>£000</u>
<b>Fixed assets</b>			
Tangible assets	10	-	2
<b>Current assets</b>			
Debtors	11	296	728
Cash at bank and in hand		35	684
		331	1,412
<b>Creditors: Amounts falling due within one year</b>	12	4	1,328
<b>Net current assets</b>		327	84
<b>Total assets less current liabilities</b>		327	86
<b>Accruals and deferred income</b>		-	606
<b>Net assets/(liabilities)</b>		327	(520)
<b>Capital and reserves</b>			
Called up share capital	13	325	325
Profit and Loss account	14	2	(845)
<b>Equity shareholders' funds</b>	15	327	(520)

Approved by the board and signed on its behalf by



T.R. Bruce

5/21/98

The notes on pages 8 to 12 form an integral part of these accounts.



# MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1998

### 1 Accounting policies

- a) The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.
- b) Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that Murray Lawrence Holdings Limited (MLH), a parent undertaking, publishes consolidated financial statements which include the affairs of this Company.
- c) The Company has taken advantage of the exemption contained in FRS 8 not to disclose related party transactions or balances with certain entities which form part of the Group. The consolidated financial statements of MLH, within which this Company's affairs are included, can be obtained from the address shown in note 18 on page 12.
- d) Payments on account of profit commission resulting from Lloyd's reconstruction and renewal (R&R) are shown as deferred income at the balance sheet date.
- e) Credit is taken for underwriting fees in the year in which these are chargeable to the underwriting account. Credit is taken for underwriting profit commission in the year in which it is due and receivable, being the year following the closing of the three year underwriting account.

Winding up fees receivable from Names at the commencement of the winding up are deferred in the balance sheet and recognised in the profit and loss account over the period of the winding up on a straight line basis so as to match the income with the related costs. Where the winding up is legally transferred to Lloyd's Members Agents Services Limited the income is recognised at the date of transfer.

- f) The cost of fixed assets is depreciated over their expected useful lives on a straight line basis.

#### Depreciation rates:-

Motor vehicles	33.3% per annum
Computer hardware	33.3% per annum
Office equipment	33.3% per annum

- g) Defined contribution pension costs charged to the profit and loss account represent contributions payable in respect of the year.

Defined benefit pension costs are charged to the profit and loss account on a systematic basis over the service lives of the eligible employees in accordance with the advice of qualified actuaries.

- h) Deferred tax is provided on timing differences between the accounting and tax treatment of certain items of revenue and expense to the extent that it is probable that a liability will arise or that an asset will be realised in the foreseeable future.
- i) Costs in respect of operating leases are charged as incurred in arriving at the operating profit.
- j) The cost of Lloyd's reconstruction and renewal (R&R) has been charged to the profit and loss account in the period in which it is due and payable.

# MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1998 (continued)

### 2 Turnover

	1998 £000	1997 £000
<b>Turnover comprises:</b>		
Underwriting fees	171	842
Other income	22	82
	<u>193</u>	<u>924</u>

All turnover arises from business conducted in the United Kingdom.

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

Profit/(loss) on ordinary activities before taxation is stated after charging:

	1998 £000	1997 £000
Depreciation	1	2
Auditors' remuneration for audit services	-	8
	<u>-</u>	<u>8</u>

### 4 Directors' emoluments

The directors were paid in respect of their services to the Murray Lawrence Group as a whole and their remuneration is paid by other group companies and disclosed in the accounts of Murray Lawrence Members Agency Limited.

### 5 Highest paid director

The emoluments of the highest paid director are disclosed in the accounts of Murray Lawrence Members Agency Limited.

### 6 Directors' interests

None of the directors has any interest in the shares of the Company. The undernoted Directors, who were not at 31 March 1998 also directors of Murray Lawrence Holdings Limited, and their related parties held the following shares and share options in Murray Lawrence Holdings Limited (as at 1 April 1997 or date of appointment, if later) and in ML (Bermuda) Limited (as at 31 March 1998):

	<u>Participation in ML (Bermuda) Limited as at 31 March 1998</u>		<u>Participation in Murray Lawrence Holdings Limited as at 1 April 1997 or date of appointment</u>	
	<u>No. of shares</u>	<u>No. of share options</u>	<u>No. of shares</u>	<u>No. of share options</u>
Mrs. F.M.T. Bennett	60,400	60,000	1,500	-
T.R. Bruce	250,000	220,900	2,500	-
Ms. S.J. Coryn*	215,500	30,000	155	2,000
J.D. Denoon Duncan	105,500	126,600	1,040	-
Sir Ewen Fergusson	-	-	-	-
C.A. Mills	10,000	-	-	-
A.J. Smithson	970,000	30,000	10,735	-
D.E. Stafford*	215,700	-	155	2,000

\* During the year two directors exercised their options to acquire shares in Murray Lawrence Holdings Limited at a price of £5.30 per share.

# MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENED 31 MARCH 1998 (continued)

### 7 Employee information

The company has no employees but carries out its activities through the employees of another group company. The company has no employee costs but pays a management charge based on the work undertaken on its behalf.

### 8 Pensions

The Company participates in a Group pension scheme for the employees of Murray Lawrence Holdings Limited and its subsidiaries. The pension scheme consists of a closed funded defined benefit scheme and a defined contribution scheme and its assets are held independently of the Group's finances in a trustee administered fund.

#### a) **The funded defined benefit scheme (FDBS)**

The FDBS is valued every three years by an independent qualified actuary. Contributions are made at the funding rates recommended by the actuary which vary across different sections of the scheme and represent the actuary's best estimate of the projected long-term pensions costs for the scheme members. The recommended rates reflect an adjustment to amortise any surplus or deficit over the average remaining working lifetimes of the current active membership.

The latest actuarial assessment of the scheme, at 31 March 1995, used the projected unit actuarial method and was based on the principal assumption that long-term returns on investments would be, on average, 2% higher than increases in earnings. The valuation showed that the assessed value of the assets of the scheme was £43.5 million, being £4.9 million in excess of members accrued liabilities, resulting in a surplus of 13%.

In the current accounting year, funding rates and charges to the profit and loss account were as recommended under the 1995 valuation and ranged between 19.7% and 31.0%.

#### b) **The defined contribution scheme (DCS)**

With effect from 1 February 1997 all new Group employees were invited to join the DCS. Contributions made by the Group vary by age and by the level of contribution that employees voluntarily make to the scheme. Contributions range from 4% to 26% and are fully expensed to the profit and loss account as due and payable.

### 9 Tax on profit/(loss) on ordinary activities

The credit for taxation is based on the adjusted profit for the year and comprises group relief charged at the rate of 31% (1997 - 33%).

# MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1998 (continued)

### 10 Tangible fixed assets

	Computer & office equipment £'000
<b>Cost</b>	
At 1 April 1997	6
Transfers out	(6)
At 31 March 1998	<u>-</u>
<b>Depreciation</b>	
At 1 April 1997	4
Transfers out	(5)
Charged in the period	1
At 31 March 1998	<u>-</u>
<b>Net book value</b>	
At 31 March 1998	<u>-</u>
At 31 March 1997	<u>2</u>

### 11 Debtors

	1998 £000	1997 £000
Amounts owed by parent company & fellow subsidiaries	272	350
Other debtors	-	40
Prepayments & accrued income	24	338
	<u>296</u>	<u>728</u>

### 12 Creditors

	1998 £000	1997 £000
<b>Amounts falling due within one year:</b>		
Amounts owed to fellow subsidiary companies	-	1,288
Bank overdraft	4	40
	<u>4</u>	<u>1,328</u>

### 13 Called up share capital

	Authorised  1998 £000	Allotted, called up and fully paid 1998 £000	Authorised  1997 £000	Allotted, called up and fully paid 1997 £000
Ordinary Shares at £1 each	<u>400</u>	<u>325</u>	<u>400</u>	<u>325</u>

# MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1998 (continued)

### 14 Profit and loss account

Movements during the period were:

	1998	1997
	£000	£000
At 1 April	(845)	(375)
Profit/(loss) for the period	847	(470)
At 31 March	<u>2</u>	<u>(845)</u>

### 15 Reconciliation of movements in equity shareholders' funds

	1998	1997
	£000	£000
Profit/(loss) for the year	847	(470)
Increase in issued share capital	-	75
Opening shareholders funds at 1 April	(520)	(125)
Closing shareholders' funds at 31 March	<u>327</u>	<u>(520)</u>

### 16 Capital expenditure

There was no capital expenditure either authorised by the directors and not contracted for, or contracted for but not provided, in the accounts.

### 17 Litigation

In connection with the Lloyd's Settlement Offer there is no litigation relating to this Company as it only commenced business as a Lloyd's Members' Agency on 1 January 1995. The position remains the same for post 1993 years.

### 18 Holding company

The Company's ultimate holding company and controlling party is ML (Bermuda) Limited (MLB), a company registered in Bermuda. During the year MLB acquired the entire issued share capital of Murray Lawrence Holdings Limited (MLH), the parent company of this Company at the beginning of the reporting period, through a joint offer with its subsidiary company.

The first report and accounts of MLB will be prepared as at 31 December 1998. Consolidated accounts for MLH have been prepared for 12 months to 31 March 1998 and are available to the public and may be obtained from One Whittington Avenue, London, EC3V 1LE.