

CHARIOT (II) UNDERWRITING PLC
(Company Registration Number 3406789)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001



A49
COMPANIES HOUSE

AA421BNP

0671
14/06/02

CHARIOT (II) UNDERWRITING PLC

DIRECTORS

S L Tanner (Chairman)
M L E Dowlen
A W Tucker
G J White

COMPANY SECRETARY

J S Moffatt

REGISTERED OFFICE

8-9 The Avenue
Eastbourne
East Sussex BN21 3YA

LLOYD'S SPONSOR

Humphrey & Co
8-9 The Avenue
Eastbourne
East Sussex BN21 3YA

MEMBER'S AGENT

SOC Private Capital Limited
122 Leadenhall Street
London EC3V 4SJ

AUDITORS

Humphrey & Co
8-9 The Avenue
Eastbourne
East Sussex BN21 3YA

SOLICITORS

Eversheds
Senator House
85 Queen Victoria Street
London EC4V 4JL

BANKERS

Coutts & Co
Robarts' Office
15 Lombard Street
London EC3V 9AU

UNDERWRITING SUMMARY 1999 - 2002

CHARIOT (II) UNDERWRITING PLC

Syndicate Number	Class	Underwriter	Managing Agency	Total Syndicate Allocated Capacity				Chariot II Underwriting PLC			
				1999	2000	2001	2002	1999	2000	2001	2002
33	Composite	Childs	Hiscox Syndicates Ltd	360,353,000	360,345,293	360,325,948	-	94,571	94,571	70,000	-
45	Non-Marine	Rudden	Limit Underwriting Ltd	28,770,000	-	-	-	74,512	-	-	-
79	Composite	Harrington	Limit Underwriting Ltd	200,203,000	200,179,058	-	-	102,364	102,364	-	-
138	Non-Marine	Gale	R.F. Bailey (Underwriting Agencies) Ltd	72,238,000	72,212,201	-	-	49,157	49,157	-	-
218	Motor	"Equity"	Cox Syndicate Management Ltd	240,805,000	240,764,380	301,011,180	361,148,166	79,527	79,527	90,000	108,000
219	Non-Marine	Finn	ACE London Underwriting Ltd	219,996,000	-	-	-	46,551	-	-	-
318	Non-Marine	Pritchard	Ensign Managing Agency Ltd	53,870,000	63,282,156	85,454,720	105,950,866	82,300	96,702	100,000	124,000
340	Aviation	Shaw	St Paul Syndicate Management Ltd	100,043,317	90,000,728	-	-	24,775	22,288	-	-
386	Non-Marine	Wallace	Limit Underwriting Ltd	125,307,000	213,073,526	213,079,999	300,016,032	48,547	170,261	170,261	18,000
435	Non-Marine	Tolle	DP Mann Ltd	234,025,409	257,414,386	400,010,500	-	17,691	19,460	30,237	-
456	Non-Marine	Battle	Limit Underwriting Ltd	20,780,000	22,337,798	27,499,998	-	27,087	29,118	35,847	-
510	Composite	Klin	R. J. Klin & Co. Limited	231,690,000	231,872,644	266,458,039	-	34,371	34,371	39,526	-
566	Composite	Daley	Limit Underwriting Ltd	147,770,000	147,772,807	158,832,490	-	97,373	97,373	35,000	-
570	Non-Marine	Marsh	Atrium Cockell Underwriting Ltd	50,300,000	50,338,089	66,948,692	-	13,066	13,066	17,377	-
587	Motor	Townlow	Chaucer Syndicates Ltd	91,215,000	96,640,674	-	-	98,334	105,610	-	-
623	Non-Marine	Beazley	Beazley Furlong Limited	95,000,000	126,056,265	215,700,040	-	21,811	30,307	30,000	-
861	Composite	Metcalf	Brockbank Syndicate Management Ltd	195,743,190	154,875,580	122,660,325	-	64,000	64,000	40,000	-
947	Non-Marine	Simmonds	Greenwich Managing Agency Ltd	47,113,000	-	-	-	36,745	-	-	-
958	Non-Marine	Robinson	Omega Underwriting Agents Ltd	51,050,000	51,052,136	59,990,465	-	40,881	40,881	48,035	-
960	Aviation	Green	ACE London Aviation Ltd	157,500,000	-	-	-	39,494	-	-	-
980	Motor	Neal	Ensign Managing Agency Ltd	42,820,000	59,954,705	-	-	48,011	67,215	-	-
990	Non-Marine	Matson	XL London Market Ltd	66,694,000	66,684,722	-	-	33,466	33,466	-	-
1038	Marine	Copping	Limit Underwriting Ltd	60,510,000	60,511,309	60,511,309	-	78,154	78,154	40,000	-
1156	Non-Marine	Wallace	Limit Underwriting Ltd	65,730,000	-	-	-	54,104	-	-	-
1173	Non-Marine	Wasey	Sackville Syndicate Management Ltd	88,400,000	67,940,131	-	-	65,000	65,000	-	-
2001	Composite	Holt	Amlin Underwriting Ltd	454,000,000	423,988,448	574,990,178	-	87,470	81,689	50,000	-
2010	Composite	Hamblin	Cathedral Underwriting Agency Ltd	-	-	-	95,840,726	-	-	-	20,000
2020	Composite	Wellington	Wellington Underwriting Agencies Ltd	400,004,000	429,878,307	500,015,428	-	76,822	82,583	76,000	-
2488	Composite	Kendrick	ACE Underwriting Agencies Ltd	-	599,989,018	724,966,128	-	-	61,017	60,000	-
				3,901,927,916	4,087,074,341	4,138,455,439	862,953,790	1,536,184	1,518,180	932,283	270,000

CHARIOT (II) UNDERWRITING PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their annual report together with the audited financial statements for the year ended 31 December 2001.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

In preparing these 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;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to assume 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.

ACTIVITIES AND BUSINESS REVIEW

The company's principal activity is to participate in underwriting at Lloyd's on a limited liability basis.

RESULTS AND DIVIDENDS

The loss for the period after taxation was £377,841 (2000 loss £122,128). The directors do not recommend the payment of a dividend.

CHARIOT (II) UNDERWRITING PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2001
(CONTINUED)

DIRECTORS' INTERESTS IN THE SHARES OF THE COMPANY

The directors who held office during the period and their interests in the ordinary share capital of the parent company, Chariot Incorporated PLC, as at 31 December 2001 were as follows:

	<i>At 31 December 2001</i>	<i>At 1 January 2001</i>
M L E Dowlen	8,002	8,002
S L Tanner	25,000	25,000
A W Tucker	-	-
G J White	5,002	5,002

No director had any beneficial interest in the loan stock of the parent company during the year.

No director had any beneficial interest in the share capital of the company during the year.

There have been no changes in the interests set out above between 31 December 2001 and the date of this report.

AUDITORS

Messrs. Humphrey & Co, having signified their willingness to continue in office, will be proposed for re-appointment in accordance with section 386 of the Companies Act 1985.

Approved by the board on 10 May 2002 and signed on its behalf by:



J S Moffatt – Company Secretary

**AUDITORS' REPORT TO THE SHAREHOLDERS
OF CHARIOT (II) UNDERWRITING PLC**

We have audited the financial statements of Chariot (II) Underwriting plc on pages 6 to 17 for the year ended 31 December 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

Respective Responsibilities of Directors and Auditors

As described in the statement of directors' responsibilities on page 3 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 1985. 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 directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit 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 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 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 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



8/9 The Avenue
Eastbourne

HUMPHREY & CO
Chartered Accountants &
Registered Auditors

Dated: 10 May 2002

CHARIOT (II) UNDERWRITING PLC
UNDERWRITING ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001

		Year Ended 31/12/01	Year Ended 31/12/00
	Notes		£
Earned premiums, net of reinsurance			
Gross premiums written	2	2,086,142	2,294,608
Outward reinsurance premiums	2	<u>(433,319)</u>	<u>(485,461)</u>
Net written premiums		1,652,823	1,809,147
Investment income		99,756	106,203
Claims incurred, net of reinsurance			
Claims paid			
Gross amount	2	(1,261,841)	(1,180,196)
Reinsurers' share	2	435,457	435,190
Change in provision for claims			
Gross amount	2	(1,579,841)	(1,317,058)
Reinsurers' share	2	<u>664,237</u>	<u>491,164</u>
Claims incurred		(1,741,988)	(1,570,900)
Operating expenses	2	(408,094)	(444,020)
Investment expenses and charges		<u>(1,764)</u>	<u>(1,814)</u>
Balance on Underwriting Account		<u>(399,267)</u>	<u>(101,384)</u>

The underwriting account is the technical account: general business of the company.

The accompanying notes are an integral part of these financial statements.

CHARIOT (II) UNDERWRITING PLC
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001

		Year ended 31/12/01	Year ended 31/12/00
	Notes		£
Balance on Underwriting Account		(399,267)	(101,384)
Investment income	3	<u>39,014</u>	<u>13,407</u>
Total income		(360,253)	(87,977)
Profit on Disposal of Syndicate Capacity		1,394	2,872
Operating expenses		<u>(18,982)</u>	<u>(37,023)</u>
Loss on ordinary activities before taxation		(377,841)	(122,128)
Tax on loss on ordinary activities		<u>-</u>	<u>-</u>
Loss for the year		<u>(377,841)</u>	<u>(122,128)</u>

The accompanying notes are an integral part of these financial statements.

No operations were discontinued in the year.

All recognised gains and losses have been dealt with through the profit and loss account.

CHARIOT (II) UNDERWRITING PLC

BALANCE SHEET

AS AT 31 DECEMBER 2001

	Notes	31 December 2001			31 December 2000		
		Corporate	Syndicate Participations	Total	Corporate £	Syndicate Participations £	Total £
Assets							
Fixed asset investments	8	580,093	1,529,878	2,109,971	747,092	1,217,264	1,964,356
Reinsurers share of technical provisions		-	1,589,588	1,589,588	-	916,384	916,384
Debtors: amounts falling due within one year							
Arising out of direct insurance operations		-	506,266	506,266	-	601,262	601,262
Arising out of reinsurance operations		-	1,384,814	1,384,814	-	1,181,675	1,181,675
Other debtors	9	12,696	62,090	74,786	16,225	111,366	127,591
		<u>592,789</u>	<u>5,072,636</u>	<u>5,665,425</u>	<u>763,317</u>	<u>4,027,951</u>	<u>4,791,268</u>
Intangible Assets	10	2,153	-	2,153	35,990	-	35,990
Cash at bank and in hand		-	159,849	159,849	-	103,990	103,990
Other assets		-	154,992	154,992	-	115,441	115,441
TOTAL ASSETS		594,942	5,387,477	5,982,419	799,307	4,247,382	5,046,689
Liabilities and Shareholders' Funds							
Capital and Reserves							
Called up share capital	11	50,000	-	50,000	50,000	-	50,000
Revenue reserves	12	(752,356)	-	(752,356)	(374,515)	-	(374,515)
Total Shareholders' Funds	13	(702,356)	-	(702,356)	(324,515)	-	(324,515)
Technical provisions		-	4,656,379	4,656,379	-	3,881,884	3,881,884
Provision for other risks and charges							
Losses on open years of account		413,181	-	413,181	235,359	-	235,359
Creditors: amounts falling due within one year							
Arising from direct insurance operations		-	106,382	106,382	-	96,322	96,322
Arising from reinsurance operations		-	259,364	259,364	-	152,734	152,734
Other creditors		72,930	359,500	432,430	65,772	108,524	174,296
Accruals and deferred income		6,628	5,852	12,480	10,047	7,918	17,965
Creditors: amounts falling due after one year							
Amounts due to parent and fellow subsidiary undertakings		804,559	-	804,559	812,644	-	812,644
TOTAL LIABILITIES		594,942	5,387,477	5,982,419	799,307	4,247,382	5,046,689

Approved by the Board on 10 May 2002 and signed on its behalf by:



S L Tanner – Chairman



M L E Dowlen – Director

The accompanying notes form an integral part of these financial statements.

CHARIOT (II) UNDERWRITING PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001

1. Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

The accounts are prepared in accordance with applicable accounting standards.

a) Basis of Preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards in the UK. The basis of presentation complies with the provisions of section 255 and Schedule 9A of the Companies Act 1985. As a consequence, the accounts include statements of the transactions, assets and liabilities of the syndicates on which the company participates as a corporate member of Lloyd's.

The syndicates in which the company participates are managed and controlled by their respective managing agents. The accounting information in respect of these participations has been provided by the managing agents through an information exchange facility operated by Lloyd's and has been audited by the syndicate auditors.

The company satisfied the latest Lloyd's solvency test and cash flow projections have been prepared for the next 12 months that indicate that the group will be able to meet its liabilities as they fall due for the foreseeable future. Accordingly these financial statements have been prepared on a going concern basis.

b) Basis of Accounting for Underwriting Business

The underwriting account has been prepared by aggregating the company's share of the underwriting transactions (premiums, claims, expenses and investment income) of the Lloyd's syndicates of which the company is a member.

The underwriting information for the 2001 calendar year comprises the first year of the 2001 underwriting account, the second year of the 2000 underwriting account and the third year of the 1999 underwriting account of the syndicates of which the company is a member. The comparative figures comprise the first year of the 2000 underwriting account, the second year of the 1999 underwriting account and the third year of the 1998 underwriting account.

The technical account for the syndicates has been prepared on a three year funded basis. The excess of premiums written and syndicate investment income over the claims and syndicate expenses paid in respect of business commencing in an underwriting year is carried forward for two years in a fund and no profit is recognised until the end of the third year following the start of each underwriting year.

CHARIOT (II) UNDERWRITING PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

b) Basis of Accounting for Underwriting Business (continued)

At the end of the third year, the underwriting account is normally closed by reinsurance into the following year of account. The amount of the reinsurance to close premium payable is determined by the managing agent, generally by estimating the cost of claims notified but not settled by 31 December together with the estimated cost of claims incurred but not reported at that date and claims handling costs. Any subsequent variation in the ultimate liabilities of the closed year of account is borne by the underwriting year into which it is reinsured.

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring syndicate was unable to meet its obligations, and other elements of the Lloyd's chain of security were to fail, then the closed underwriting account would have to settle the outstanding claims.

The Directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote and consequently the reinsurance to close has been deemed to settle liabilities outstanding at the closure of an underwriting account. The company has included its share of the reinsurance to close premiums payable as technical provisions at the end of the current year, and no further provision is made for any potential variation in the ultimate liability of that year of account.

For the open syndicate underwriting years of account provision is made for any estimated material losses from the syndicate participations. While the directors make every effort to ensure that adequate provision is made for material losses on open years of account, their view of the ultimate loss may vary in later years as a result of subsequent information and events. This in turn may require adjustment of the original provision.

Gross premiums written are stated before deduction of commission.

The columns in the balance sheet headed 'syndicate participations' represent the company's share of the assets and liabilities of the syndicates in which it participated for the 1999, 2000 and 2001 years of account at 31 December 2001 with comparative figures at 31 December 2000 relating to the syndicate participations for the 1998, 1999 and 2000 years of account.

Personal expenses incurred in relation to underwriting on open years of account are charged as incurred to the technical account where material losses are expected for those open years. Where losses are not expected for open years the expenses incurred in relation to those open years are carried forward on the balance sheet until underwriting information relating to that year of account is available to be included in the underwriting account.

Syndicate assets, liabilities, income and expenditure expressed in US dollars and Canadian dollars are translated at rates of exchange ruling at 31 December. Underwriting transactions in other foreign currencies are included in the accounts at historical rates. All differences on the translation of foreign currency amounts in the syndicates are dealt with in the underwriting account.

CHARIOT (II) UNDERWRITING PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001
(CONTINUED)

c) Investments

Syndicate investment values are collated from the syndicate returns, which have been audited by the syndicate auditors.

d) Intangible Assets

Intangible assets comprise the cost of syndicate participations purchased in the Lloyd's syndicate capacity auctions. These assets are written off over their estimated useful lives unless prices established in auctions in the years following their purchase lead the company to make a more substantial provision against this cost, or the relevant capacity is sold, in which case the amortised or adjusted cost is set against the sale proceeds.

e) Income

Syndicate investment income is accounted for on a receivable basis, including, where appropriate, the imputed tax credit. Interest income is accrued up to the relevant 31 December.

Syndicate investments and cash are held on a pooled basis, the return from which is allocated to underwriting years proportionately to the funds contributed by the year. Investment income and all investment gains and losses relating to syndicate investments and cash are dealt with through the technical account.

f) Expenses

All expenses are accounted for on the accruals basis. Syndicate operating expenses are allocated to the year of account for which they are incurred. Personal expenses of open years are carried forward on the balance sheet except where material losses are forecast on open years of account in which case they are written off to the technical account.

g) Taxation

Provision is made in full for all material deferred taxation in respect of timing differences that have originated but not reversed by the balance sheet date, except for timing differences arising on revaluations of fixed assets which are not intended to be sold and gains on disposals of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

CHARIOT (II) UNDERWRITING PLC

NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2001
(CONTINUED)**

2. Segmental Information

The following business has all been underwritten in the Lloyd's insurance market, which has been treated as one geographical segment and class of business for the purpose of Statement of Standard Accounting Practice No. 25: 'Segmental Reporting'. Segmental information in the format required by the Companies Act 1985, so far as it is available, is as follows:

Year Ended 31 December 2001	Gross Premiums Written £	Gross Claims Incurred £	Gross Operating Expenses £	Reinsurance Balance £
Direct business				
Accident and health	83,278	(87,735)	(24,860)	17,198
Motor – third party liability	21,653	(26,183)	(6,486)	(4,050)
Motor – other classes	145,520	(125,242)	(50,903)	(11,645)
Marine, aviation and transport	159,546	(189,077)	(40,406)	(23,145)
Fire and other damage to property	255,960	(328,173)	(72,032)	81,031
Third party liability	527,454	(577,645)	(130,482)	163,495
Credit and suretyship	25,949	(30,117)	(9,017)	54,568
Legal expenses	679	(1,250)	(233)	102
Assistance	249	(372)	(111)	(275)
Other	24,044	(16,735)	(5,236)	7,478
Total direct	1,244,332	(1,382,529)	(339,766)	284,757
Reinsurance business				
Other reinsurance acceptances	269,889	(366,357)	(55,473)	80,901
Reinsurance to close	571,921	(1,092,796)	(12,855)	300,717
Total reinsurance	841,810	(1,459,153)	(68,328)	381,618
Total	2,086,142	(2,841,682)	(408,094)	666,375

Reconciliation of Reinsurance Balance to Underwriting Account

Outward reinsurance premiums	(433,319)
Less: Reinsurers' share of claims paid	435,457
Reinsurers' share of change in provision for claims	664,237
	<u>666,375</u>

CHARIOT (II) UNDERWRITING PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

2. Segmental Information (continued)

Year Ended 31 December 2000	Gross Premiums Written £	Gross Claims Incurred £	Gross Operating Expenses £	Reinsurance Balance £
Direct business				
Accident and health	95,303	(110,536)	(27,855)	13,327
Motor – third party liability	72,976	(57,955)	(16,676)	(3,336)
Motor – other classes	304,445	(291,944)	(76,652)	10,201
Marine, aviation and transport	197,152	(240,119)	(43,974)	71,531
Fire and other damage to property	343,560	(365,010)	(94,685)	83,519
Third party liability	479,842	(446,963)	(115,902)	16,613
Credit and suretyship	53,386	(31,217)	(13,157)	7,218
Legal expenses	(9,683)	373	1,981	367
Assistance	1,076	(657)	(209)	14
Other	30,535	(30,125)	(10,228)	14,978
Total direct	1,568,592	(1,574,153)	(397,357)	214,432
Reinsurance business				
Other reinsurance acceptances	302,002	(277,389)	(46,663)	(53,261)
Reinsurance to close	424,014	(645,712)	-	279,722
Total reinsurance	726,016	(923,101)	(46,663)	226,461
Total	2,294,608	(2,497,254)	(444,020)	440,893

Reconciliation of Reinsurance Balance to Underwriting Account

Outward reinsurance premiums	(485,461)
Less: Reinsurers' share of claims paid	435,190
Reinsurers' share of change in provision for claims	491,164
	<u>440,893</u>

CHARIOT (II) UNDERWRITING PLC

NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2001
(CONTINUED)**

3 Investment Income (other than syndicate investment income)

	2001	2000
	£	£
Interest on cash balances at Lloyd's	29,894	4,012
Interest on Treasury Stock	9,120	9,395
	<u>39,014</u>	<u>13,407</u>

4 Other Expenses

(i) The following amounts are included within the statement of total return:

	2001	2000
	£	£
Continuing activities		
Staff costs (Note 5)	1,537	2,050
Auditors' remuneration for audit services	4,714	4,714
Auditors' remuneration for other services	3,899	3,922
Amortisation of Lloyd's syndicate capacity	2,152	17,995
Amortisation of Treasury Stock	2,833	2,125
Adjustment on disposal of Treasury Stock	-	238
Profit on disposal of Lloyd's syndicate capacity	<u>(1,394)</u>	<u>(2,872)</u>

(ii) The following amounts are included within net operating expenses in the underwriting account:

	£	£
Brokerage	328,722	356,527
Syndicate operating expenses	49,606	94,111
Foreign exchange gains	<u>(15,345)</u>	<u>(62,481)</u>

CHARIOT (II) UNDERWRITING PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001
(CONTINUED)

5 Staff Costs

	2001	2000
	£	£
Wages and salaries	1,537	2,050
Social security costs	-	-
	<u>1,537</u>	<u>2,050</u>

The average weekly number of employees (including directors) of the company during the year was:

	2001	2000
Management	<u>4</u>	<u>5</u>

6 Directors Remuneration

	2001	2000
	£	£
Directors' emoluments (all in respect of management services)	<u>1,537</u>	<u>2,050</u>

7 Tax on Loss on Ordinary Activities

No liability to corporation tax arises as a result of the loss incurred during the period.

There is a potential deferred tax asset of £139,568 (2000 - £66,824) arising from accumulated trading losses and other timing differences. In the opinion of the directors it would not be prudent to recognise this future tax relief as an asset.

There were no other material deferred tax assets or liabilities at the year end.

CHARIOT (II) UNDERWRITING PLC

NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2001
(CONTINUED)**

8 Fixed Asset Investments

(i) Company

	2001	2000
	£	£
Cash balances held as Funds at Lloyd's	448,392	612,558
7% Treasury Stock 2002	<u>131,701</u>	<u>134,534</u>
	<u>580,093</u>	<u>747,092</u>

(ii) Syndicate participations

	2001	2000
	£	£
Shares and other variable yield securities	96,995	91,829
Debt securities and other fixed interest securities	1,276,479	1,019,486
Participation in investment pools	26,753	31,907
Deposits with credit institutions	112,575	61,542
Deposits with ceding undertakings	3,509	322
Other	<u>13,567</u>	<u>12,178</u>
	<u>1,529,878</u>	<u>1,217,264</u>

9 Debtors: amounts falling due within one year (excluding syndicate participations)

Other Debtors	2001	2000
	£	£
Sundry Debtor	55	-
Prepayments and accrued income	<u>12,641</u>	<u>16,225</u>
	<u>12,696</u>	<u>16,225</u>

10 Intangible Assets

	2001
	£
Capacity on Lloyd's syndicates	
Balance brought forward	35,990
Disposals	(31,684)
Amounts written off	<u>(2,153)</u>
Balance carried forward	<u>2,153</u>

CHARIOT (II) UNDERWRITING PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001
(CONTINUED)

11 Called up share capital

	2001 £	2000 £
Authorised		
Ordinary shares of £1 each	<u>20,000,000</u>	<u>20,000,000</u>
Allotted, issued and fully paid		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

12 Revenue Reserve

	2001 £	2000 £
Loss for the period	(377,841)	(122,128)
Balance brought forward	<u>(374,515)</u>	<u>(252,387)</u>
Balance carried forward	<u>(752,356)</u>	<u>(374,515)</u>

13 Reconciliation of Movements in Shareholders' Funds

	2001 £	2000 £
Loss for the financial period	(377,841)	(122,128)
Opening shareholders' funds	<u>(324,515)</u>	<u>(202,387)</u>
Closing shareholders' funds	<u>(702,356)</u>	<u>(324,515)</u>

14 Capital Commitments and Operating Leases

There were no capital commitments or commitments in respect of operating leases at the period end.

15 Ultimate Holding Company

At the period end the company's ultimate holding company was Chariot Incorporated PLC. Copies of Chariot Incorporated PLC's consolidated accounts can be obtained from the following address:

122 Leadenhall Street
London
EC3V 4SJ