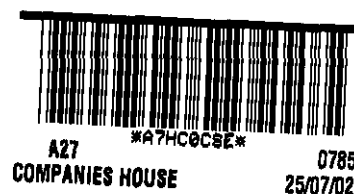


Company registration number: 3440586

Nameco (No. 126) Limited

Report and financial statements 31 December 2001



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Nameco (No. 126) Limited

Company information

Directors

J R H Evans
Nomina plc

Company Secretary

Hampden Legal PLC

Registered Office

12/13 Lime Street
London
EC3M 7AB

Auditors

Littlejohn Frazer
Chartered Accountants
and Registered Auditors
1 Park Place
Canary Wharf
London
E14 4HJ

Accountants

Axiom Underwriting Services
Maritime House, 1 Linton Road
Barking, Essex
IG11 8GW

Bankers

Leopold Joseph & Sons Ltd.
99 Gresham Street
London
EC2V 7NG

Solicitors

Gouldens
10 Old Bailey
London
EC4M 7NG

Nameco (No. 126) Limited

Report of the directors

The directors submit their report together with the financial statements of the company for the year ended 31 December 2001.

Principal activities and business review

The principal activity of the Company is that of trading as a Lloyd's corporate capital member. The Company has incurred, in line with most of the Lloyd's market, a loss for the current calendar year. Part of this loss is the result of the provisions made for the 2000 and 2001 open underwriting years. The eventual results of these two years are subject to a higher than normal level of uncertainty as described in note 14 to the financial statements resulting from the terrorist attack on 11 September in the United States of America.

The Company continues to trade in 2002 and the Directors expect this year's result to be better than years currently being reported.

Results and dividends

The results for the year are set out on pages 6 to 7 of the financial statements. The directors do not propose to pay a dividend.

Directors and directors' interests

The directors who served at any time during the year and their interests in the share capital of the company were as follows:

	At 31 December 2001 Ordinary £1 shares	At 1 January 2001 Ordinary £1 shares
J R H Evans Resigned 4th July 2001 and reappointed 1st November 2001	-	-
Nomina plc	1	1
Nomina Services Limited Appointed 4th July 2001 and resigned 1st November 2001	-	-

Nomina plc holds the above share as trustee for E I M Hilleary.

Nameco (No. 126) Limited

Report of the directors (continued)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the 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:

- 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 applied
- 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.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements and that applicable accounting standards have been followed.

By Order of the Board



Hampden Legal PLC
Secretary

28th June 2002

Nameco (No. 126) Limited

Independent Auditors' report

To the Members of Nameco (No. 126) Limited

We have audited the Financial Statements of Nameco (No. 126) Limited for the year ended 31 December 2001 on pages 6 to 24 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These Financial Statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 3.

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 other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the Financial Statements, and of whether the Accounting Policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Nameco (No. 126) Limited

Independent Auditors' report (continued)

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in note 14 concerning the material exposure that the company faces to losses relating to the 11 September terrorist attacks in the United States of America. In view of the significance of this uncertainty we consider that it should be drawn to your attention but 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 the company's affairs as at 31 December 2001, and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Littlejohn Frazer

Chartered Accountants
and Registered Auditors

28th June 2002

1 Park Place
Canary Wharf
London E14 4HJ

Nameco (No. 126) Limited

Profit and loss account

Technical account – general business

For the year ended 31 December 2001

	Note	2001 £	2000 £
Earned premiums, net of reinsurance			
Gross premiums written	3	538,878	563,596
Outward reinsurance premiums		(130,975)	(125,250)
Net premiums written		407,903	438,346
Allocated investment return transferred from the non-technical account		22,006	20,917
Total technical income		429,909	459,263
Claims paid			
Gross amount		(321,928)	(297,052)
Reinsurers' share		120,862	113,893
Net claims paid		(201,066)	(183,159)
Change in provision for claims			
Gross amount		(363,135)	(327,078)
Reinsurers' share		129,686	143,556
Claims incurred net of reinsurance		(434,515)	(366,681)
Net operating expenses	4	(110,081)	(108,105)
Investment expenses and charges		(354)	(345)
Total charges		(544,950)	(475,131)
Balance on technical account – general business		(115,041)	(15,868)

The accounting policies and notes on pages 11 to 24 form part of these financial statements.

Nameco (No. 126) Limited

Profit and loss account

Non - technical account

For the year ended 31 December 2001

	Note	2001 £	2000 £
Balance on technical account – general business		(115,041)	(15,868)
Investment income	5	22,243	21,084
Allocated investment return transferred to the Technical account – general business		(22,006)	(20,917)
Profit (loss) on disposal of syndicate capacity		486	(4,948)
Other charges		(4,290)	(4,092)
Profit (loss) on ordinary activities before taxation	6	<u>(118,608)</u>	<u>(24,741)</u>
Tax on profit (loss) on ordinary activities	7	<u>114</u>	<u>-</u>
Profit (loss) on ordinary activities after taxation for the financial year	11	<u>(118,494)</u>	<u>(24,741)</u>

The Company has no recognised gains or losses other than the profit or (loss) on ordinary activities after taxation stated above. There is no material difference between the reported profit or (loss) for the period and the profit or (loss) for the period restated on a historical cost basis.

All amounts above relate to continuing operations.

The accounting policies and notes on pages 11 to 24 form part of these financial statements.

Nameco (No. 126) Limited

Balance sheet

As at 31 December 2001

		31 December 2001			31 December 2000		
	Note	Held Directly £	Held through Syndicate Participation £	Total £	Held Directly £	Held through Syndicate Participation £	Total £
Assets							
Intangible assets							
Syndicate participation rights	8	13,055	-	13,055	13,055	-	13,055
Investments							
Financial investments	9	-	313,597	313,597	-	231,327	231,327
Deposits with ceding undertakings		-	999	999	-	342	342
		-	314,596	314,596	-	231,669	231,669
Reinsurers' share of technical provisions							
Claims outstanding		-	423,991	423,991	-	260,337	260,337
Debtors							
Arising out of direct insurance operations							
- Intermediaries		-	131,479	131,479	-	142,911	142,911
- Policyholders		-	3,380	3,380	-	1,307	1,307
Arising out of reinsurance operations		-	271,126	271,126	-	249,754	249,754
Other debtors		83,960	11,821	95,781	24,835	26,567	51,402
		83,960	417,806	501,766	24,835	420,539	445,374
Other assets							
Cash at bank and in hand		5,051	58,783	63,834	1,267	40,036	41,303
Other		-	38,978	38,978	-	26,224	26,224
		5,051	97,761	102,812	1,267	66,260	67,527
Prepayments and accrued income							
Other prepayments and accrued income		-	2,019	2,019	-	2,873	2,873
Total assets		102,066	1,256,173	1,358,239	39,157	981,678	1,020,835

The accounting policies and notes on pages 11 to 24 form part of these financial statements.

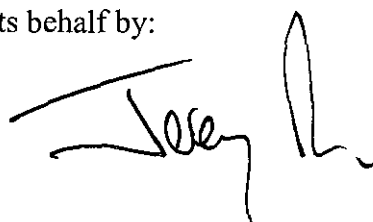
Nomeco (No. 126) Limited

Balance sheet

As at 31 December 2001

		31 December 2001			31 December 2000		
	Note	Held Directly £	Held through Syndicate Participation £	Total £	Held Directly £	Held through Syndicate Participation £	Total £
Liabilities and shareholders' funds							
Capital and reserves							
Called up share capital	10	1	-	1	1	-	1
Share premium account		-	-	-	-	-	-
Profit and loss account	11	(141,551)	(57,203)	(198,754)	(44,304)	(35,956)	(80,260)
Shareholders' funds – attributable to equity interests	12	(141,550)	(57,203)	(198,753)	(44,303)	(35,956)	(80,259)
Technical provisions							
Claims outstanding – gross amount		89,439	1,171,898	1,261,337	34,200	907,324	941,524
Provisions for other risks and charges							
Provision for taxation		-	-	-	-	-	-
Creditors							
Arising out of direct insurance operations		-	22,306	22,306	-	19,326	19,326
Arising out of reinsurance operations		-	73,572	73,572	-	46,352	46,352
Other creditors	13	154,177	44,576	198,753	49,260	43,426	92,686
		154,177	140,454	294,631	49,260	109,104	158,364
Accruals and deferred income							
		-	1,024	1,024	-	1,206	1,206
Total liabilities							
		102,066	1,256,173	1,358,239	39,157	981,678	1,020,835

Approved by the board of directors on 28th June 2002
and signed on its behalf by:



Nomina plc
Director

The accounting policies and notes on pages 11 to 24 form part of these financial statements.

Nameco (No. 126) Limited

Cash flow statement

For the year ended 31 December 2001

	Note	2001 £	2000 £
Operating activities			
Net cash inflow/(outflow) from operating activities	15	3,670	18,584
Returns on investments		-	-
Capital expenditure			
Purchase of syndicate capacity		-	(20,832)
Proceeds from sale of syndicate capacity		-	3,514
Taxation			
Corporation tax (paid) refunded		114	-
Financing			
Issue of shares		-	-
Share issue expenses		-	-
Net cash inflow/(outflow) for the year		<u>3,784</u>	<u>1,266</u>
Cash flows were invested as follows:			
Increase/(decrease) in cash holdings		3,784	1,266
Purchase of financial investments		-	-
Sale of financial investments		-	-
Net investment of cash flows		<u>3,784</u>	<u>1,266</u>

The Company has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the cash flow statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the syndicates at Lloyd's.

The accounting policies and notes on pages 11 to 24 form part of these financial statements.

Nameco (No. 126) Limited

Notes to the financial statements For the year ended 31 December 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments.

1.2 Basis of accounting for underwriting results

The company participates in insurance business as an underwriting member of various syndicates at Lloyd's. All classes of insurance business written are accounted for on a three year funded basis because it is the basis most similar to that followed by the syndicates. The nature of the information managing agents can make available is insufficient for the company to make reliable estimates of the necessary technical provisions on an annual basis of accounting. Under the three year funded basis followed by the company, the excess of premiums written and attributable net investment return over claims and expenses paid in respect of contracts incepting in an accounting period ("the underwriting year") is carried forward as a technical provision until the end of the third year from the inception of the underwriting year. Consequently, no profit is recognised in respect of an underwriting year until that time at the earliest.

If an underwriting year is expected to make a loss, the loss is recognised as soon as it is foreseen by increasing the technical provision to make it sufficient to meet present liabilities and anticipated future claims and expenses.

1.3 Premiums

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax.

Gross premiums written may include "reinsurance to close" receivable (see 1.6 below).

Premiums written by a syndicate may also include the reinsurance of other syndicates on which the company participates. No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' share of claims) to remove this intersyndicate reinsurance.

Outward reinsurance premiums may include "reinsurance to close" payable (see 1.6 below).

1.4 Claims incurred

Claims incurred include the costs of claims handling expenses. Recoverable amounts arising out of subrogation or salvage are deducted from the cost of claims. Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessment of claims from previous years differ from the provision at the beginning of the year.

Notes to the financial statements
For the year ended 31 December 2001

1.5 Provision for claims (technical provisions)

Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision includes the amounts required to ensure that for each underwriting year no profit is recognised before the end of the third year under the three year funded basis of accounting (see 1.2 above).

The provision has been increased as appropriate by the company to the extent that deficits are foreseen on underwriting years before the 36 months point is reached.

The provision is based on the returns and report from the managing agents and the company's members' agent.

1.6 Reinsurance to close

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's syndicates. Under it, underwriting members (the reinsured members) who are members of a syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another syndicate for a later year of account (the reinsuring members) that the reinsuring members will indemnify, discharge or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that syndicate and allocated to the closed year in consideration of:

(a) a premium; and

(b) either

- (i) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurances and other monies receivable in connection with that insurance business); or
- (ii) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefit so far as they are not applied in discharges of the liabilities of the reinsured members.

To the extent that the company participates on successive years of account of the same syndicate and there is a reinsurance to close between those years, the company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

Notes to the financial statements
For the year ended 31 December 2001

1.6 Reinsurance to close (continued)

If the company has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the company has assumed a greater proportion of the business of the syndicate. If the company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the company's exposure to risks previously written by the syndicate.

The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain liable for the settlement of any outstanding claims.

However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a syndicate year of account and it is treated for accounts purposes as settling all the company's outstanding gross liabilities in respect of the business so reinsured.

1.7 Run-off years

Where an underwriting year of account is not closed at the end of the third year (a "run-off" year of account) a provision is made for the estimated cost of all known and unknown outstanding liabilities for that year. The provision is determined initially by the managing agent on a similar basis to the reinsurance to close. However, any subsequent variation in the ultimate liabilities for that year remains with the corporate member participating therein. As a result any run-off year will continue to report movements in its results after the third year until such time as it secures a reinsurance to close.

1.8 Investments

Listed and other traded investments are stated at mid-market values. Other investments are stated at directors' valuations. Unrealised gains and losses are recognised in the profit and loss account.

**Notes to the financial statements
For the year ended 31 December 2001**

1.9 Investment income

Investment income comprises interest receivable and dividends received plus realised gains and losses on the disposal of investments. Realised gains and losses arise from the difference between sale proceeds and either the valuation at the previous year end, or purchase cost if the investment was purchased during the current year.

Where investments represent the company's share of syndicate investments, they are treated as sold and repurchased at each year end in recognition of the annual venture nature of participation on a syndicate. The cost of these investments is therefore their market value at each 31 December. The realised gains reported by Syndicates are net of any realised losses.

All investment income, net of realised losses, arising on syndicate participations is allocated to the technical account. Other investment income is attributable to the non-technical account.

1.10 Investments expenses and charges

Investment expenses and charges comprise investment management expenses.

1.11 Net operating expenses

Operating expenses are recognised when incurred. They include the company's share of syndicate operating expenses, the remuneration payable to managing agents (and the company's members' agent/licensed adviser) and the direct costs of membership of Lloyd's. Where they relate to the company's underwriting, they are taken into account in calculating the technical provision required under the three year funded basis of accounting.

1.12 Other charges

Expenses not attributable to underwriting or investment management are recognised when incurred.

1.13 Foreign currencies

The company's share of syndicate assets, liabilities, income and expenditure expressed in US dollars, Canadian dollars and Euros (where accounted by syndicates under the Lloyd's direct settlement scheme) are translated at rates of exchange ruling at the balance sheet date. Underwriting transactions in Euros (where accounted by syndicates under the Lloyd's conversion scheme) and other foreign currencies are included in the financial statements at historical rates. All exchange differences relating to syndicates are dealt with in the technical account.

1.14 Syndicate participation rights

Where the company has purchased the right to participate on Syndicates, the cost is capitalised, less any provision for permanent diminution in value, and amortised on a straight line basis over its estimated economic life. It is intended that purchased capacity will be amortised over 5 years. No amortisation is charged until the first year of account in which profits or losses are normally recognised.

Nameco (No. 126) Limited

Notes to the financial statements

For the year ended 31 December 2001

1.15 Taxation

The company is taxed on its share of the underwriting results declared by Syndicates and these are deemed to accrue evenly over the calendar year in which they are declared. The syndicate results (excluding any additional provisions made by the directors) relating to the 2001 account will be declared for tax purposes in the calendar year 2004.

Other profits are assessable to corporation tax in the same period as they are recognised for accounting purposes, after adjustment in accordance with tax legislation.

1.16 Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

Nameco (No. 126) Limited

Notes to the financial statements

For the year ended 31 December 2001

2 Basis of preparation of financial statements

2.1 Basis of preparation

The financial statements have been prepared in accordance with Section 255 of, and Schedule 9A to, the Companies Act 1985 ("the Act") and in accordance with applicable Accounting Standards.

2.2 Recognition of insurance transactions

Preparing financial statements in accordance with Section 255 of, and Schedule 9A to, the Act requires the company to recognise its proportion of all the transactions undertaken by the Lloyd's syndicates in which it participates.

The company has delegated sole management and control of its underwriting through each syndicate to the managing agent of the syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the syndicates are therefore responsible for determining the insurance transactions to be recognised by the company. The only exception to this rule is the level of provision for outstanding claims. These provisions have been determined by the directors of the company (see 1.5 above).

Accordingly, for each such syndicate, the company's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the company's technical account. Similarly, its proportion of the syndicate's assets and liabilities has been reflected in its balance sheet (under the column heading "Held through Syndicate Participation"). The "syndicate" assets are held subject to trust deeds for the benefit of the company's insurance creditors.

The proportion referred to above is calculated by reference to the company's participation as a percentage of each syndicate's total capacity.

2.3 Sources of data

The information used to compile the technical account and the "syndicate" balance sheet is based on returns prepared for this purpose by the managing agents of the syndicates. The returns have been subjected to audit by the syndicate auditors and are based on the audited syndicate returns to Lloyd's and the audited annual reports to syndicate members. This base data has been adjusted as necessary so that the returns reflect the differences in preparation between syndicate annual reports and financial statements in accordance with Schedule 9A of the Companies Act 1985.

The format of the returns has been established by Lloyd's and Lloyd's has also been responsible for collating the data at a syndicate level and analysing it into corporate member level results.

The returns cover the 12 months to 31 December 2001.

Nameco (No. 126) Limited

Notes to the financial statements For the year ended 31 December 2001

3 Segmental information	Gross premiums written £	Gross claims incurred £	Gross operating expenses £	Reinsurance balance £	Total £
2001					
Direct business					
Accident and health	20,950	(16,583)	(6,000)	(318)	(1,951)
Motor – third party liability	9,352	(11,552)	(2,658)	2,348	(2,510)
Motor – other classes	33,179	(28,851)	(10,291)	7,440	1,477
Marine, aviation and transport	54,439	(56,017)	(12,733)	(38,663)	(52,974)
Fire and other damage to property	65,267	(66,144)	(18,655)	4,008	(15,524)
Third party liability	123,546	(127,114)	(27,132)	53,886	23,186
Credit and suretyship	11,359	(11,610)	(3,490)	27,956	24,215
Legal expenses	745	(814)	(243)	194	(118)
Assistance	52	33	(18)	(81)	(14)
Other	4,385	(2,456)	(1,482)	1,062	1,509
Total direct	323,274	(321,108)	(82,702)	57,832	(22,704)
Reinsurance business					
Other reinsurance acceptances	94,794	(114,755)	(17,713)	58,391	20,717
Reinsurance to close	120,810	(193,961)	-	3,350	(69,801)
	538,878	(629,824)	(100,415)	119,573	(71,788)

	2001 £
Gross premiums in respect of direct business written in:	
United Kingdom	324,404
Other EU Member states	266
Rest of the world	(1,396)
	323,274

Nameco (No. 126) Limited

Notes to the financial statements For the year ended 31 December 2001

3 Segmental information (continued)

2000	Gross premiums written £	Gross claims incurred £	Gross operating expenses £	Reinsurance balance £	Total £
Direct business					
Accident and health	23,332	(30,240)	(5,618)	1,586	(10,940)
Motor – third party liability	14,376	(16,373)	(3,185)	780	(4,402)
Motor – other classes	50,107	(55,305)	(10,723)	1,049	(14,872)
Marine, aviation and transport	47,373	(57,196)	(8,607)	14,719	(3,711)
Fire and other damage to property	102,268	(108,934)	(23,516)	16,534	(13,648)
Third party liability	111,201	(104,993)	(25,333)	16,345	(2,780)
Credit and suretyship	24,125	(14,571)	(4,823)	3,513	8,244
Legal expenses	(5,319)	(560)	1,039	275	(4,565)
Assistance	160	(139)	(31)	13	3
Other	5,905	(8,624)	(1,443)	2,914	(1,248)
Total direct	373,528	(396,935)	(82,240)	57,728	(47,919)
Reinsurance business					
Other reinsurance acceptances	91,754	(91,236)	(15,709)	6,768	(8,423)
Reinsurance to close	98,314	(156,047)	-	67,703	9,970
	563,596	(644,218)	(97,949)	132,199	(46,372)

	2000 £
Gross premiums in respect of direct business written in:	
United Kingdom	387,248
Other EU Member states	1,831
Rest of the world	(15,551)
	373,528

Nomeco (No. 126) Limited

Notes to the financial statements **For the year ended 31 December 2001**

4 Net operating expenses	2001	2000
	£	£
Syndicate operating expenses	14,978	23,222
Exchange adjustment	(4,757)	(17,648)
Costs of acquisition – commission and brokerage	90,194	92,375
	100,415	97,949
Members personal expenses	7,069	10,156
Other operating expenses	2,597	-
	110,081	108,105

5 Investment income	2001	2000
	£	£
Investment income	19,114	17,395
Realised investment gains less losses	3,129	3,689
Unrealised gains less losses on investments	-	-
	22,243	21,084

6 Profit/(loss) on ordinary activities before taxation

The auditor's remuneration of £120 is charged to Nomina plc and then recharged to the company as part of the Nomina plc management fee included within other charges in the non-technical account.

The company has no employees and no director's fees have been paid in the period.

7 Taxation	2001	2000
	£	£
U.K. corporation tax at 20%	-	-
Prior year	(114)	-
	(114)	-

Nameco (No. 126) Limited

Notes to the financial statements For the year ended 31 December 2001

8 Intangible assets – held directly

Syndicate participation rights	2001 £	2000 £
Cost		
At 1 January 2001	13,055	754
Additions	-	20,832
Disposals	-	(8,531)
At 31 December 2001	<u>13,055</u>	<u>13,055</u>
Amortisation		
At 1 January 2001	-	-
Charge for the period	-	-
Disposals	-	-
At 31 December 2001	<u>-</u>	<u>-</u>
Net book value		
At 31 December 2001	<u>13,055</u>	<u>13,055</u>
At 1 January 2001	<u>13,055</u>	<u>754</u>

As required by FRS 10 and 11, an annual impairment review of the carrying value of the above intangible assets is carried out. As a result of this review, the above syndicate participation is carried out at no more than the latest weighted average values obtained at the Lloyd's capacity auctions during 2001.

The amortisation charge for the year shown above includes £nil in respect of this impairment.

Nameco (No. 126) Limited

Notes to the financial statements For the year ended 31 December 2001

9 Financial investments

	2001 Historic cost £	2001 Market Value £	2000 Historic cost £	2000 Market Value £
Syndicate participations				
Shares and other variable yield securities	35,742	11,377	8,577	22,719
Debt securities and other fixed income securities	222,783	252,411	186,825	176,566
Participation in investment pools	9,686	9,775	8,970	8,347
Loans guaranteed by mortgage	2,180	2,041	3,065	2,599
Other loans	-	865	-	-
Deposits with credit institutions	11,624	37,105	14,807	20,553
Other	671	23	546	543
	<u>282,686</u>	<u>313,597</u>	<u>222,790</u>	<u>231,327</u>

Other

Shares and other variable yield securities

-	-	-	-
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Analysis of market value

Syndicate participations

Listed on the stock exchange

Other listed

Unlisted

	2001 £	2000 £
Listed on the stock exchange	190,817	170,808
Other listed	55,755	33,353
Unlisted	67,025	27,166
	<u>313,597</u>	<u>231,327</u>

Other

Listed on the stock exchange

Unlisted

-	-
-	-
<u>-</u>	<u>-</u>

10 Share capital

Authorised

100 Ordinary shares of £1 each

	2001 £	2000 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid

1 Ordinary share of £1 each

<u>1</u>	<u>1</u>
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Naméco (No. 126) Limited

Notes to the financial statements For the year ended 31 December 2001

11 Statement of movements on reserves	2001	2000
	£	£
Balance at 1 January 2001	(80,260)	(55,519)
Retained profit/(loss) for the year	(118,494)	(24,741)
Balance at 31 December 2001	<u>(198,754)</u>	<u>(80,260)</u>

The reserves included above shown as being held directly represent the accumulated results of the Company's corporate activities, the results for any closed/run-off years that have been settled and anticipated losses on open years. The reserves shown as held through syndicate participation represent closed/run-off year results not yet settled.

12 Reconciliation of movements in shareholders' funds	2001	2000
	£	£
Loss for the financial year	(118,494)	(24,741)
Proceeds from issue of shares	-	-
Share premium on new share capital	-	-
Expenses paid in connection with share issue	-	-
Net addition to shareholders' funds	<u>(118,494)</u>	<u>(24,741)</u>
Opening shareholders' funds	<u>(80,259)</u>	<u>(55,518)</u>
Closing shareholders' funds	<u>(198,753)</u>	<u>(80,259)</u>

13 Other creditors including taxation and social security – held directly	2001	2000
	£	£
Corporation tax	-	-
Proprietors' loan accounts	133,035	45,701
Other creditors	21,142	3,559
	<u>154,177</u>	<u>49,260</u>

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Notes to the financial statements For the year ended 31 December 2001

14 Losses relating to 11 September 2001 Terrorist Attacks in the United States of America

As a result of the terrorist attack on 11 September 2001 the world insurance market is faced with unprecedented losses across a wide range of business underwritten. Many Lloyd's Syndicates, including Syndicates supported by this Company, will have material exposure to claims arising from this event. These claims will fall mainly on the 2001 underwriting year but significant levels of claims may also impact the 2000 underwriting year.

The loss provision established by the Company's Directors for 2000 and 2001 is based upon the estimate of losses as calculated by the management of the Syndicates together with other market information currently available to the Directors. The size and nature of the 11 September 2001 claims, the legal uncertainties that arise and the ability of Syndicates to collect amounts that may become due from reinsurers all increase the level of uncertainty of the total provision for outstanding claims that is necessary. As a result the losses currently estimated by the Directors have a greater degree of uncertainty than usual and may prove to be materially different to the eventual cost of these claims.

15 Cash flow statement	2001 £	2000 £
Reconciliation of profit or loss on ordinary activities before tax to net cash inflow from operating activities:		
Profit/(loss) on ordinary activities before tax	(118,608)	(24,741)
(Profit)/loss attributable to syndicate transactions	21,247	35,956
(Increase)/decrease in debtors	(59,125)	(22,101)
Increase/(decrease) in creditors and technical provisions	160,156	24,453
(Profit)/loss on disposal of intangible assets	-	5,017
Amortisation of syndicate capacity	-	-
Impairment of syndicate capacity	-	-
Unrealised (gain)/loss on revaluation of investments	-	-
Net cash inflow/(outflow) from operating activities	3,670	18,584

16 Related party disclosure

The company's 1998, 1999, 2000 and 2001 underwriting is supported by the assets of or guarantees made interavailable to it by E I M Hilleary. These assets or guarantees are also available to Lloyd's to meet the personal underwriting liabilities of E I M Hilleary for underwriting years in run-off commencing prior to 1 January 1998, where applicable.

E I M Hilleary is the beneficial owner of the company's share. This individual is also a shareholder in Nomina plc.

Mr J.R.H. Evans, a director of the company, is also a director of Nomina plc which administers the conversion scheme in which the company participates. Nomina plc charges a fixed management fee of £2,250 (2000: £2,250) to cover all the costs of basic administration of the company.

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Notes to the financial statements For the year ended 31 December 2001

17 Syndicates

The principal syndicates or members' agent pooling arrangements ("MAPA") in which the company participates as an underwriting member are as follows:

Syndicate or MAPA Number:	Managing Agent	2002 Allocated Capacity £	2001 Allocated Capacity £	2000 Allocated capacity £	1999 Allocated Capacity £
1245	Heritage Managing Agency Ltd	20,000	20,000	20,000	
7071	Members' Agents Pooling Arrangement			340,000	
7104	Members' Agents Pooling Arrangement				360,000
7117	Members' Agents Pooling Arrangement	281,226	246,690		