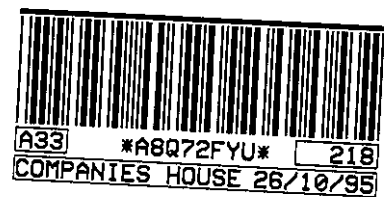


FUIT Two Limited

Financial Statements

For the year ended 30th June 1995

Registered number 2861345



FUIT Two Limited

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For the year ended 30th June 1995

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FUIT Two Limited

Company Information

Directors

R.A.M. Baillie (Chairman)
A.F. Jackson
P. Martin
J.A.V. Townsend
P.R. Withers Green

Secretary

H Spivey

Auditors

Neville Russell
246 Bishopsgate
London EC2M 4PB

Members' Agent

Wren Underwriting Agencies Limited
Gan House
Arthur Street
London EC4R 9AB

Bankers

Bank of Scotland
38 Threadneedle Street
London EC2P 2EH

Rea Brothers Limited
Alderman's House
Alderman's Walk
London EC2M 3XR

Company No.

2861345

Registered Office

Alderman's House
Alderman's Walk
London
EC2M 3XR

FUIT Two Limited

Report of the Directors
For the year ended 30th June 1995

The directors present herewith their annual report, together with the audited financial statements of the company for the year ended 30th June 1995.

Results and Dividends

There was no profit or loss for the year. No interim dividend was paid in the year and the directors do not recommend the payment of a final dividend (1994: £nil).

Review of the Business

The company has been authorised by the Council of Lloyd's to operate as a corporate member of Lloyd's. The company has allocated premium income capacity for the 1995 underwriting year of £10.5m (1994: £10m) of which £0.15m (1994: £0.1m) relates to long term life business. The results of the company's underwriting activities will be included in the financial statements when they are reported to the Company by Wren Underwriting Agencies Limited, the Company's members' agent. Under Lloyd's three year accounting rules it is not expected that the results of the 1995 underwriting year of account will be known until the second quarter of 1998 (1994 underwriting year of account until the second quarter of 1997) at which time these results will be included in the Company's results for that year.

The Company's underwriting activities are supported by a covenant from its ultimate parent company, Finsbury Underwriting Investment Trust PLC, to pay up to £4.95m where the Company's assets are insufficient to meet its liabilities at Lloyd's. In addition assets have been lodged directly at Lloyd's to cover the Company's long term life business at Lloyd's.

Directors and Directors' Interests

The directors who served the company during the year were:

R.A.M. Baillie
A.F. Jackson
P. Martin
J.A.V. Townsend
P.R. Withers Green

The interests of the directors in the shares of the holding company, Finsbury Underwriting Investment Trust PLC, are dealt with in the accounts of that company.

No director had, during or at the end of the year, any material interest in a contract which was significant in relation to the company's business, otherwise than as disclosed in the financial statements of the ultimate holding company, Finsbury Underwriting Investment Trust PLC.

FUIT Two Limited

Report of the Directors
For the year ended 30th June 1995 (continued)

Directors and Directors' Interests (continued)

In accordance with the Articles of Association, Mr P. Martin retires by rotation and, being eligible, offers himself for re-election.

Managers and Advisors

Finsbury Asset Management Limited (Finsbury) provide company secretarial services to the Company. The agreement between Finsbury and the Company may be terminated by either party giving two years notice but may not be terminated before 29th October 1996 without the agreement of both parties. Mr J.A.V. Townsend is a director of Finsbury.

Wren Underwriting Agencies Limited (Wren) provide Lloyd's members' agent services to the Company. The agreement may be terminated by either party to take effect on the later of the subsequent 15th August and 15th August 1997. Mr A.F. Jackson is chairman of Wren Holdings Limited which is the parent company of Wren.

Directors' Responsibilities

The Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and with applicable accounting standards. In addition the Directors are required to: (a) select suitable accounting policies and apply them consistently; (b) make judgements and estimates that are reasonable and prudent; (c) state whether applicable accounting standards have been followed; and (d) prepare financial statements on a going concern basis unless it is inappropriate to assume the Company will continue in business.

The Directors confirm that the financial statements comply with the above requirements.

The Directors are also responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution will be proposed at the forthcoming Annual General Meeting to re-appoint Neville Russell as auditors of the Company.

By order of the Board

H Spivey
Secretary

5th September 1995



FUIT Two Limited

Report of the Auditors to the Shareholders of

FUIT Two Limited

We have audited the financial statements on pages 5 to 9 which have been prepared following the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the 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.

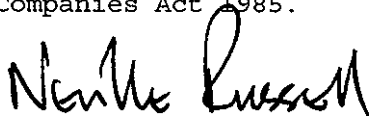
Basis of opinion

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 as at 30th June 1995 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



NEVILLE RUSSELL
CHARTERED ACCOUNTANTS
and Registered Auditors
246 Bishopsgate
London EC2M 4PB

5th September 1995

FUIT Two Limited

Profit and Loss Account

For the year ended 30th June 1995

	Note	1995 £	1994 £
Underwriting result		-	-
Other income		-	-
		-----	-----
Administrative expenses		-	-
		-----	-----
Operating profit/(loss)		-	-
Interest payable		-	-
		-----	-----
<u>Profit from Ordinary Activities before Taxation</u>		-	-
Taxation charge on Ordinary Activities		-	-
		-----	-----
<u>Profit from Ordinary Activities after Taxation</u>		-	-
Dividend		-	-
		-----	-----
Transfer (from)/to reserves		-	£-
		=====	=====

The notes on pages 7 to 9 form part of these financial statements.

The Company's income and expenses all relate to continuing operations.

The Company has no recognised gains or losses other than the result for the year.

FUIT Two Limited

Notes to the Financial Statements for the year ended 30th June 1995.

1. Accounting Policies

The financial statement have been prepared in accordance with applicable accounting standards.

1.1 Accounting Convention

The financial statements have been prepared under the historical cost convention.

1.2 Underwriting Activities

The Company commenced underwriting at Lloyd's in January 1994. Lloyd's currently operates on a three year accounting period and results for the year to 31st December 1994 will therefore be taken into account in the Company's financial statements as at 30th June 1997. Similarly the 1995 underwriting results are not expected until the second quarter of 1998 and will be taken into account for year ended 30th June 1998.

Directors will make provision for losses as soon as they are foreseeable though the eventual size of losses may not be ascertained until the relevant underwriting year has been closed off.

1.3 Underwriting Income and Expenses

Income received and expenses incurred in relation to the underwriting activities of the Company are charged to the profit and loss account in the year that the underwriting results for that same period are reported

1.4 Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange applicable on the dates of such transactions. Assets and liabilities denominated in foreign currencies at the year end have been expressed in sterling at the rates of exchange ruling at that date.

2 Debtors - due after more than one year

	1995	1994
	£	£
Premium trust fund credit (see also Note 3)	307,156	-
Deferred expenses	12,510	10,000
	-----	-----
	319,666	10,000
	=====	=====

3 Premium trust fund credit

During the year an amount of £290,850 was credited from the Company's premium trust fund, as an advance on the 1994 underwriting results. Of this amount £247,500 was received in sterling and the balance of \$66,600 in United States dollars. This credit, including accrued income earned, has been shown as both an asset and liability in the Company's financial statements, pending closure of the 1994 underwriting year of account.

On the 19th September 1994 the sterling credit was invested in short term gilts maturing in 1996 and 1997. These gilts have been included in the financial statements as debtors and have been valued at the lower of cost and mid market price.

The US dollar credit has been included in debtors at the year end rate of exchange.

This premium trust fund credit has been utilised to support underwriting in 1995. No account has been taken of the income earned on this credit in the revenue account, as the 1994 underwriting year will not be closed until 31st December 1996 and the results will be incorporated in the financial statements for the financial year ending 30th June 1997.

4 Directors' Emoluments

There were no fees paid or payable to the directors during the period.

5 Ultimate Holding Company

The Company regards Finsbury Underwriting Investment Trust PLC, which is registered in England and Wales, as its ultimate holding company.

FUIT Two Limited

Notes to the Financial Statements for the year ended 30th June 1995.

6 Share Capital

	Authorised	Allotted, Issued and fully paid
	£	1995 £
2 Ordinary shares of £1 each (1994 & 1995)	1,000	2
	=====	=====

7. Reconciliation of Movements in Shareholders Funds

	£
Balance at 30th June 1994 and 1995	£2
	=====

8 Contingent Liability

There are four other corporate member subsidiaries of Finsbury Underwriting Investment Trust PLC and if any one of these corporate member subsidiaries fails to meet any of its Lloyd's obligations then (a) Lloyd's will be entitled to require the other subsidiaries to cease or reduce their underwriting and/or (b) having regard to the fact that the Central Fund may be applied to discharge the obligations of the defaulting corporate members subsidiary, Lloyd's will be entitled to require each of the other corporate member subsidiaries to make contributions to the Central Fund up to the amount of their respective net profits held from time to time in Premiums Trust Funds, sufficient to reimburse the Central Fund in full for any payment made on behalf of the defaulting member.

At the date of these financial statements the Company is not aware of any other corporate member subsidiary of the Group failing to meet any of its Lloyd's obligations.