

GROVEWOOD ENGINEERING LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2005

COMPANY REGISTRATION NUMBER: 320524



Grovwewood Engineering Limited

DIRECTORS' REPORT

The directors present their report and audited financial statements for Grovwewood Engineering Limited (the "Company") for the year ended 31 December 2005.

Principal Activities and Business Review

The Company is responsible for the administration of some of Zurich Assurance Ltd's products.

The results for the year are shown on page 4.

The profit for the year before taxation amounted to £nil (2004: £nil). The directors do not recommend the payment of a final dividend.

It is intended that the Company will continue to undertake business relating to this activity.

Directors

The directors who served during the year were:

N J Evans	
N Lowe	(Appointed 23 Jun 2005)
L Olisa Holding	(Resigned 23 Jun 2005)

The Company is a wholly owned subsidiary of Zurich Financial Services, a company incorporated in Switzerland. As such, no interests are required to be disclosed under the Companies Act 1985.

No directors had a material interest in a contract of significance with the Company during the year or any subsidiary company of Zurich Financial Services during the year.

Auditors

The directors have taken advantage of the Elective Regime, under section 386 of the Companies Act 1985, for the dispensation from the annual appointment of auditors. The auditors, PricewaterhouseCoopers LLP, have signified their willingness to continue in office.

Grovewood Engineering Limited

DIRECTORS' REPORT (continued)

Statement of Directors' Responsibilities

The following statement sets out the responsibilities of the directors in relation to the financial statements of the Company. The report of the auditors, shown on page 3 sets out their responsibilities in relation to the financial statements.

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 period and of the profit or loss for the financial period. In preparing those financial statements, the directors are required to:

- Select appropriate policies and apply them consistently, subject to any material departures being disclosed and explained;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed; and
- Prepare the financial statements on the going concern basis, unless they consider that to be inappropriate.

The directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy 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 taking reasonable steps to safeguard the assets of the Company, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.

The directors consider that they have pursued the actions necessary to meet their responsibilities as set out in this statement.

By order of the Board



N Lowe

Secretary

21 March 2006

Grovewood Engineering Limited

AUDITORS' REPORT

Independent auditors' report to the shareholder of Grovewood Engineering Limited

We have audited the financial statements of Grovewood Engineering Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 other transactions 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005 and of its result for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Pravankhola Chopra LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
Date *22 March 2006*

Grovewood Engineering Limited

PROFIT AND LOSS

for the year ended 31 December 2005

	Note	2005	2004
		£	£
Turnover	2	2,011,893	1,701,942
Administrative Expenses	3-5	(2,011,893)	(1,701,942)
<u>Result On Ordinary Activities Before Taxation</u>		-	-
Tax on result on ordinary activities		-	-
<u>Result On Ordinary Activities After Taxation</u>		-	-
<u>Retained Loss Brought Forward</u>		(18,149)	(18,149)
<u>Retained Loss Carried Forward</u>		(18,149)	(18,149)

All turnover and the result is derived from continuing operations.

The Company has no recognised gains or losses in the period other than the result for the year, therefore no statement of total recognised gains or losses has been included.

There is no difference between the result on ordinary activities before taxation, or the retained result for the year stated above, and their historical equivalents.

Groveswood Engineering Limited

BALANCE SHEET

as at 31 December 2005

	Note	2005	2004
		£	£
<hr/>			
<u>Current Liabilities</u>			
Creditors: Amounts Falling Due Within One Year	6	(17,949)	(17,949)
Net Liabilities		<u>(17,949)</u>	<u>(17,949)</u>
 <u>Share Capital and Reserves</u>			
Called Up Share Capital	7	200	200
Profit and Loss Account		<u>(18,149)</u>	<u>(18,149)</u>
Equity Shareholder's Funds	8	<u>(17,949)</u>	<u>(17,949)</u>

The financial statements on pages 4 to 8 were approved by the Board of Directors and were signed on its behalf by:

..... Director 21 March 2006 Date

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

1.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

1.2 Going Concern

The going concern basis has been applied as Zurich Assurance Ltd (the "Holding Company") has undertaken to provide continuing financial support for the foreseeable future.

2. Turnover

Turnover represents administration fees receivable from Zurich Assurance Ltd which are recognised when associated administration costs are incurred.

3. Administrative Expenses

Administrative expenses are initially paid by a group company and are recharged to the Company on an annual basis. This charge includes an allocation of corporate overheads for the administration of the products. In 2005 and 2004 all audit fees were borne by the Holding Company.

4. Directors' Emoluments

The emoluments of the directors for services to the Company as director during the year were £nil (2004: £nil).

5. Employee Information

Staff working for the Company are employed by another Group undertaking, Zurich Employment Services Limited, and therefore the Company does not incur direct staff or pension costs. The Company incurs management charges from Zurich Employment Services Limited. It is not possible to separately identify staff and pension costs that are included in these charges, therefore no disclosure has been made for staff numbers and costs.

The principal disclosures in respect of these staff appear in the financial statements of Zurich Employment Services Limited, copies of which can be obtained from The Secretary, Zurich Employment Services Limited, UK Life Centre, Station Road, Swindon, SN1 1EL.

Grovwewood Engineering Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)****6. Creditors: Amounts Falling Due Within One Year**

	2005 £	2004 £
Amount due to group undertakings	17,949	17,949

Amounts due to the Holding Company are unsecured, interest free and are repayable on demand.

7. Share Capital

	2005 £	2004 £
Authorised, allotted, issued and fully paid 200 ordinary shares of £1 each	200	200

8. Reconciliation of Movements in Shareholder's Funds

	2005 £	2004 £
Opening shareholder's funds	(17,949)	(17,949)
Result for the financial year	-	-
Closing Shareholder's funds	(17,949)	(17,949)

9. Cash Flow Statement

The Company qualifies as exempt from the requirement to produce a cash flow statement under Financial Reporting Standard 1 (Revised). It is a subsidiary undertaking of Zurich Financial Services, which prepares a consolidated cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Related Party Transactions

The Company has taken advantage of an exemption from Financial Reporting Standard 8 not to disclose transactions with Zurich Financial Services' group undertakings. Balances with Zurich Financial Services' group undertakings are shown in note 6.

11. Ultimate Holding Company

The Company's ultimate parent company is Zurich Financial Services, which is incorporated in Switzerland. Copies of the consolidated financial statements of Zurich Financial Services can be obtained from Mythenquai 2, 8002 Zurich, Switzerland.

Zurich Financial Services (UKISA) Limited is the parent company of the smallest group of companies for which group accounts are drawn up. Copies of the consolidated financial statements of Zurich Financial Services (UKISA) Limited can be obtained from:

The Secretary
Zurich Financial Services (UKISA) Limited
UK Life Centre
Station Road
Swindon
SN1 1EL