

**CHEVANSTELL MANAGEMENT LIMITED**

**Report and Financial Statements**

**31 December 2005**



## DIRECTORS' REPORT

The directors have pleasure in submitting their annual report together with the financial statements for the financial year ended 31 December 2005.

## ACTIVITIES

During the year, the company managed the business of Chevanstell Limited and the UK branches of Colonia Versicherung Aktiengesellschaft, Abeille Assurances, Societa Reale Mutua di Assicurazioni and Nordstern Allgemeine Versicherungs-Aktiengesellschaft, which were all in run off. Functions carried out on behalf of the managed companies include underwriting, reinsurance, claim and loss settlement, accounting and collection of premiums and the administration of these functions. This is expected to continue for the foreseeable future. Results of the underwriting carried out on behalf of the managed companies are subject to review by the Board of Directors of both this company and the managed companies.

## DIRECTORS

The directors who served throughout the year except as noted, were as follows:

F Christiansen	(Resigned 24 February 2005)
O Groegler	(Appointed 24 February 2005)
P J Iversen	Chairman and Managing Director
S M Hextall	Secretary
G Aggerholm	(Resigned 24 February 2005)
J S Hansen	(Appointed 24 February 2005)

None of the directors had any interests in the shares of the company or any other group company requiring disclosure under the Companies Act 1985.

## RESULTS AND DIVIDENDS

The results for the year are as set out in the profit and loss account detailed on page 5. The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2005 (2004 - £Nil).

## ELECTIVE RESOLUTIONS

The Company has dispensed, for an indefinite period, with the holding of Annual General Meetings and with the obligation to appoint auditors annually. Accordingly, Deloitte LLP shall be deemed to be reappointed as auditors for a further term under the provisions of Section 386 (2) of the Companies Act 1985.

Approved by the Board of Directors and signed on behalf of the Board.

*SM Hextall*

**SM Hextall**  
Secretary  
27<sup>th</sup> March 2006

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
FINANCIAL STATEMENTS**

United Kingdom 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;
- state whether applicable United Kingdom accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHEVANSTELL  
MANAGEMENT LIMITED**

We have audited the financial statements of Chevanstell Management Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 8. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

***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 United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework 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 the statement of director's responsibilities and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

***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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHEVANSTELL  
MANAGEMENT LIMITED (Continued)**

**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
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

*Chartered Accountants and Registered Auditors*

*London*

*27<sup>th</sup> March 2006*

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2005**

	Note	2005 £	2004 £
<b>TURNOVER</b>		1,656,000	1,802,000
Administrative expenses	3	<u>(1,656,000)</u>	<u>(1,802,000)</u>
Result for the financial year before and after taxation	2	<u>-</u>	<u>-</u>

The company has no recognised gains or losses or movements in shareholders' funds other than those included in the profit and loss account above for the current and preceding year. Therefore, a statement of total recognised gains and losses and a reconciliation of movements in shareholders' funds has not been prepared.

**BALANCE SHEET**  
**31 December 2005**

	Note	2005 £	2004 £
<b>CURRENT ASSETS</b>			
Debtors - amounts falling due within one year	5	<u>5,000</u>	<u>5,000</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,000</u>	<u>5,000</u>
<b>CAPITAL AND RESERVES</b>			
Called up Share Capital	6	<u>5,000</u>	<u>5,000</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>5,000</u>	<u>5,000</u>

The financial statements on Pages 5 to 9 were approved by the Board of Directors on 27<sup>th</sup> March 2006 and were signed on its behalf by:



**P J Iversen**  
**Director**

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2005**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards and under the historical cost convention.

The company acts as agent for the company and branches it manages and carries out insurance underwriting functions on their behalf. As part of these services, the company collects premiums, pays claims and expenses and also holds cash on behalf of its managed companies. The resulting transactions and assets and liabilities are not included in these accounts.

Under Financial Standard No. 1 (revised) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated cash flow statement.

**Turnover**

*Turnover represents the re-charge by the company of expenses incurred in the year to the company and branches under its management.*

**Deferred taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current law and practice. Timing differences arise from the inclusion of items of income and expenditure in taxation commutation periods different from those in which they are included in financial statements. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Related parties**

Advantage has been taken of the exemption in Financial Reporting Standard 8 allowing non-disclosure of transactions between entities, 90% or more of whose voting rights are controlled within the Chevanstell Limited group of companies.

**Pension costs**

The company operates retirement benefit arrangements covering certain employees who are eligible and have opted for membership. The schemes are money purchase arrangements funded externally with appropriate contributions paid to the appropriate pension fund managers. The charge for pensions is as shown in note 3 and there were no outstanding contributions at the balance sheet date.

**2. RESULT FOR THE FINANCIAL YEAR**

Auditors' remuneration is borne by the parent company for the current and prior year.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2005**

**3. ADMINISTRATIVE EXPENSES**

The average number of persons employed by the company, including executive directors, is as follows:

	<b>2005</b>	<b>2004</b>
	<b>No.</b>	<b>No.</b>
Management	2	2
Underwriting	1	2
Claims	8	10
Administration	<u>19</u>	<u>22</u>
	<u>30</u>	<u>36</u>

The aggregate staff costs of these persons were:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Salaries	1,321,000	1,403,000
Social Security Costs	165,000	218,000
Other Pension Costs	170,000	181,000
	<u>1,656,000</u>	<u>1,802,000</u>

**4. DIRECTORS' REMUNERATION**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Emoluments	467,000	229,000
Aggregate value of money purchase pension scheme contributions	<u>42,000</u>	<u>39,000</u>

	<b>2005</b>	<b>2004</b>
	<b>No.</b>	<b>No.</b>
Number of directors who are members of a money purchase pension scheme	<u>2</u>	<u>2</u>

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Highest paid director's remuneration:		
Emoluments	337,000	152,000
Aggregate value of money purchase pension scheme contributions	<u>29,000</u>	<u>28,000</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2005**

**5. DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Inter-company Debtor	<u>5,000</u>	<u>5,000</u>

**6. CALLED UP SHARE CAPITAL**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Authorised, called up, allotted and fully paid</b> 5,000 (2004: 5,000) ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

**7. TAXATION**

There is no taxation charge in the current or preceding financial year.

**8. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The ultimate parent undertaking of the company and the largest group in which the results of the company are included and for which group accounts are prepared is Tryg-Vesta Group, a company incorporated in Denmark. Copies of its accounts can be obtained from Klausdalsbrovej 601, DK-2750, Ballerup, Denmark.

The company is wholly owned and controlled by its immediate parent undertaking, Chevanstell Limited (formerly Tryg-Baltica International (UK) Ltd.) which is the parent of the smallest group for which group accounts are prepared of which the company is a member and is incorporated in Great Britain. Copies of its accounts can be obtained from 2<sup>nd</sup> Floor, 140 Fenchurch Street, London, EC3M 6BL.

Chevanstell Limited is a 100% subsidiary of Tryg Forsikring A/S which is incorporated in Denmark. Copies of their accounts can be obtained from Klausdalsbrovej 601, DK-2750, Ballerup, Denmark.