

# **ORBIT BENEFITS LIMITED**

## **Financial Statements**

**for the year ended 31 December 2005**



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**ORBIT BENEFITS LIMITED****COMPANY INFORMATION**

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**DIRECTORS**

J R Carlton  
C H Carrick (resigned 20 February 2006)  
J R W Evans (resigned 20 February 2006)  
G J Farmer  
J Groenvold (resigned 20 February 2006)  
J A Yates (resigned 20 February 2006)  
N G R Harris (resigned 20 February 2006)

**SECRETARY**

J R W Evans

**REGISTERED OFFICE**

55 Bishopsgate  
London EC2N 3BD

**REGISTERED NUMBER**

1860772

**AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants & Registered Auditors  
Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

# **ORBIT BENEFITS LIMITED**

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# ORBIT BENEFITS LIMITED

## DIRECTORS' REPORT

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The directors present their report and the audited financial statements of the company for the year ended 31 December 2005.

### Business review and future developments

The principal activity of the company is the provision of employee benefits advice, communication and administration. The company will continue to carry on this business.

### Results and dividends

The company's profit for the financial year is £480,000 (2004: £197,000). The directors have paid a dividend of £1,500,000 (2004: nil). The loss for the period of £1,020,000 (2004: profit £197,000) has been taken from reserves. On 20 January 2006 the directors declared a dividend of 245.58 pence per share. This was paid on 22 February 2006.

### Directors and their interests

The directors of the company are listed on page 1, and have been directors throughout the period from 1 January 2005 until the date of this report, unless otherwise stated.

No director had any interest in the shares of the company during the year ended 31 December 2005.

The interest of the directors in the shares and options over the shares of Benfield Group Limited, the ultimate holding company, at 31 December 2005 and 31 December 2004 or date of appointment if later, were as follows:

	2005 Number	2004 Number
<b>Common shares of 1p</b>		
J R Carlton	3,318	5,268
C H Carrick	100	100
G J Farmer	100	100
J A Yates	100	100
N G R Harris	100	100
J R W Evans	1,350	1,350

### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 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.

# **ORBIT BENEFITS LIMITED**

## **DIRECTORS' REPORT**

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### **Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution proposing their reappointment will be put to the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'J R W Evans', written over a horizontal line.

**J R W Evans**  
Secretary

8 March 2006

# ORBIT BENEFITS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORBIT BENEFITS LIMITED

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We have audited the financial statements of Orbit Benefits Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Recognised Gains and Losses 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

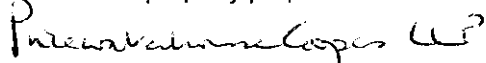
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

8 March 2006

# ORBIT BENEFITS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2005

Notes	2005 £'000	Restated 2004 £'000
1 Turnover	4,938	4,159
2 Net operating expenses	(4,499)	(4,145)
<b>Operating profit</b>	<b>439</b>	<b>14</b>
Interest receivable	261	251
<b>Profit on ordinary activities before taxation</b>	<b>700</b>	<b>265</b>
5 Taxation on profit on ordinary activities	(220)	(68)
<b>Profit for the financial year</b>	<b>480</b>	<b>197</b>
6 Dividends	(1,500)	-
12 <b>Retained (loss)/profit for the financial year</b>	<b>(1,020)</b>	<b>197</b>

The company's turnover and expenses all relate to continuing operations.

There is no difference between the profit or loss on ordinary activities and its historical cost equivalents.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2005 £'000	Restated 2004 £'000
Total recognised (losses)/gains for the year	(1,020)	197
Prior year adjustment	1,500	
Total recognised since last annual report	480	

# ORBIT BENEFITS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2005

Notes		2005 £'000	Restated 2004 £'000
	<b>Fixed Assets</b>		
7	Tangible assets	125	94
	<b>Current Assets</b>		
8	Debtors	7,443	6,926
	Cash at bank and in hand	146	-
	Fiduciary cash	61	-
		7,650	6,926
	<b>Current Liabilities</b>		
9	Creditors – amounts falling due within one year	(3,198)	(1,274)
	Fiduciary creditors	(61)	-
	<b>Net Current Assets</b>	4,391	5,652
	<b>Total Assets Less Current Liabilities</b>	4,516	5,746
10	Creditors – amounts falling due after more than one year	(110)	(320)
	<b>Net Assets</b>	4,406	5,426
	<b>Capital and Reserves</b>		
11	Called up share capital	3,051	3,051
12	Profit and loss account	1,355	2,375
	<b>Total shareholders' funds</b>	4,406	5,426
	<b>The total of Shareholder's Funds comprises of</b>		
	Equity	1,906	2,926
	Non-equity	2,500	2,500
13	<b>Capital employed</b>	4,406	5,426

Approved by the Board on 8 March 2006 and signed on its behalf by:



**J R Carlton**  
Director



# **ORBIT BENEFITS LIMITED**

## **ACCOUNTING POLICIES**

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### **Accounting convention**

The financial statements have been prepared on the going concern basis under the historical cost convention, in accordance with the Companies Act 1985 and applicable UK accounting standards. A summary of the company's principal accounting policies, which have been applied consistently, is set out below.

### **Turnover**

Turnover represents commissions and fees earned from providing financial services and is credited to the profit and loss account when commission is due, net of any accrual that is made for potential clawbacks of unearned indemnity commission. This accrual is determined on a client by client basis and reflects the company's best estimate of future liabilities.

### **Cash flow statement and related party disclosures**

The company is a wholly owned subsidiary of Benfield Group Limited and is included in the consolidated financial statements of that company, which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Benfield Group Limited group.

### **Pension scheme contributions**

The company contributes to a group pension scheme, the Benfield Group UK Retirement Benefit Plan, operated by Benfield Holdings Limited, a fellow group undertaking. The assets of the fund are held separately from those of the group in an independently administered fund. Pension scheme contributions to the group's scheme are charged to the profit and loss account in the year to which they relate.

### **Taxation**

The charge for taxation is based on the profit for the year at current rates of tax and takes into account deferred taxation.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in a future obligation to pay more tax or future right to pay less tax have occurred. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### **Foreign currencies**

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities in currencies other than the functional currency are translated at the rates of exchange prevailing at the balance sheet date and the related transaction gains and losses are reported in the profit and loss account.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over their estimated useful lives (see note 7). Software that is purchased from a third party is capitalised where it relates to long term information technology infrastructure on a continuing use basis.

## **ORBIT BENEFITS LIMITED**

### **ACCOUNTING POLICIES**

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#### **Fiduciary assets and liabilities**

Orbit acts as an agent in placing the risks of companies with insurers and as such generally are not liable as principles for amounts arising from such transactions. Accordingly, receivables arising from insurance broking transactions are not included within the assets and liabilities of the Company except for fee and commission receivables earned on these transactions. Orbit is entitled to retain the investment income on fiduciary cash and investments arising from insurance broking transactions. Consequently, these amounts are included within assets on the balance sheet with the corresponding payable included as a liability.

#### **Prior year adjustments**

The Company has adopted Financial Reporting Standard 21 "Events after the balance sheet date" in these financial statements. The adoption of this standard represents a change in accounting policy in relation to the timing of recognition of dividends and the comparative figures have been restated accordingly. This has led to an increase in shareholders' funds in 2004 of £1,500,000.

# ORBIT BENEFITS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 1. TURNOVER

All activity consists solely of the provision of a single class of business originated in the United Kingdom.

### 2. NET OPERATING EXPENSES

	2005 £'000	2004 £'000
<b>Net operating expenses are shown after charging:</b>		
Staff costs (see note 3)	3,003	2,732
Depreciation (see note 7)	77	497

Audit fees were borne by a fellow subsidiary undertaking.

Net operating expenses include a receipt of nil (2004: £500,000) for expenses incurred on behalf of a group company in respect of 2003 and 2004. Payments of £467,000 (2004: £667,000) were also incurred in respect of a management recharge of expenses incurred by a group company.

### 3. STAFF COSTS

	2005 £'000	2004 £'000
<b>Emoluments</b>		
Wages and salaries	2,424	2,193
Social security costs	239	233
Other pension costs	340	306
	3,003	2,732

The average number of people, including executive directors, employed by the company during the year was 51 (2004: 51).

### 4. DIRECTORS' EMOLUMENTS

	2005 £'000	2004 £'000
<b>Remuneration</b>		
Aggregate emoluments	744	724
Contributions to money purchase pension schemes	131	124

Retirement benefits are accruing to five (2004: five) under a money purchase pension scheme.

The emoluments of two of the directors are paid by Benfield Holdings Limited, a fellow group subsidiary, which makes no recharge to the company. These directors are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of these directors.

# ORBIT BENEFITS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

The remuneration of the highest paid director included in the amounts above is set out below:

	2005 £'000	2004 £'000
Total emoluments	215	275
Contributions to money purchase pension schemes	52	50

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in year

	2005 £'000	2004 £'000
<b>Current tax:</b>		
UK corporation tax at 30 per cent	181	164
	181	164
<b>Deferred tax:</b>		
Origination and reversal of timing differences	39	(77)
Adjustments in respect of prior periods	-	(19)
<b>Tax on profit on ordinary activities</b>	<b>220</b>	<b>68</b>

#### (b) Factors affecting tax charge for year

The tax for the year varied from the standard rate of corporation tax in the United Kingdom of 30 per cent as explained below:

	2005 £'000	2004 £'000
<b>Profit on ordinary activities before taxation</b>	<b>700</b>	<b>265</b>
Expected tax charge at standard rate of corporation tax in the United Kingdom of 30 per cent	210	79
Effects of:		
Other expenses not deductible for tax	10	7
Other timing difference	(39)	78
<b>Current tax charge</b>	<b>181</b>	<b>164</b>
Deferred tax charge/(credit)	39	(96)
<b>Tax on profit on ordinary activities</b>	<b>220</b>	<b>68</b>

### 6. DIVIDENDS

	2005 £'000	Restated 2004 £'000
<b>Equity – ordinary</b>		
Final paid	1,500	-
	1,500	-

# ORBIT BENEFITS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 7. TANGIBLE FIXED ASSETS

	<b>Computer Equipment £'000</b>
<b>Cost</b>	
At 1 January 2005	2,135
Additions	108
<b>At 31 December 2005</b>	<b>2,243</b>
<b>Accumulated depreciation</b>	
At 1 January 2005	2,041
Charge for year	77
<b>At 31 December 2005</b>	<b>2,118</b>
<b>Net book amount</b>	
<b>At 31 December 2005</b>	<b>125</b>
At 31 December 2004	94
Depreciation rates	20% - 33%

### 8. DEBTORS

	<b>2005 £'000</b>	<b>2004 £'000</b>
<b>Amounts falling due within one year</b>		
Commission due from insurance companies	540	555
Amounts owed by group undertakings	6,710	5,971
Taxation recoverable	-	161
Other debtors	44	51
Deferred taxation	149	188
	<b>7,443</b>	<b>6,926</b>

Amounts owed by group undertakings relate wholly to UK undertakings and are unsecured and have no fixed date of repayment. In 2005 interest of £250,000 on this balance was due to the company (2004: £251,000).

	<b>2005 £'000</b>	<b>2004 £'000</b>
<b>Deferred taxation</b>		
Accelerated capital allowances	149	188
At 1 January	188	92
Amount (debited)/credited to profit and loss account	(39)	96
<b>At 31 December</b>	<b>149</b>	<b>188</b>

# ORBIT BENEFITS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 9. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £'000	Restated 2004 £'000
Amounts due to group undertakings	2,616	596
Corporation tax	-	291
Accruals and deferred income	582	387
	<u>3,198</u>	<u>1,274</u>

Amounts due to group undertakings relate wholly to UK undertakings and are unsecured, interest free and repayable on demand.

### 10. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £'000	2004 £'000
Accruals and deferred income	<u>110</u>	<u>320</u>

### 11. SHARE CAPITAL

	2005 £'000	2004 £'000
<b>Authorised</b>		
2,000,000 ordinary shares of £1 each	2,000	2,000
5,000,000 preference shares of £1 each	5,000	5,000
	<u>7,000</u>	<u>7,000</u>
<b>Allotted, called up and fully paid</b>		
551,000 ordinary shares of £1 each	551	551
2,500,000 preference shares of £1 each	2,500	2,500
	<u>3,051</u>	<u>3,051</u>

The preference shares are redeemable at any time at par at the option of the company. The preference shareholders are entitled to repayment of capital paid up on winding up in priority to ordinary shares. The preference shareholders are not entitled to receive dividends or vote at any general meeting of the company.

# ORBIT BENEFITS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 12. PROFIT AND LOSS ACCOUNT

	£'000
At 31 December 2003	2,178
Retained loss for the year	(1,303)
<b>At 31 December 2004 as previously reported</b>	<b>875</b>
Prior year adjustment – FRS 21 dividends	1,500
<b>As at 31 December 2004 restated</b>	<b>2,375</b>
2005 Retained profit for the year	<b>480</b>
Dividend	(1,500)
<b>As at 31 December 2005</b>	<b>1,355</b>

### 13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £'000	Restated 2004 £'000
Profit for the year	480	197
Dividends	(1,500)	-
Net (reduction)/addition to shareholders' funds	(1,020)	197
<b>Opening shareholders' funds</b>	<b>5,426</b>	<b>5,229</b>
<b>Closing shareholders' funds</b>	<b>4,406</b>	<b>5,426</b>

### 14. ULTIMATE PARENT COMPANY

The ultimate parent company is Benfield Group Limited, a company incorporated in Bermuda. Copies of the consolidated financial statements of Benfield Group Limited, the largest group to consolidate these financial statements, as well as Benfield Holdings Limited, the smallest group to consolidate these financial statements, a company registered in England and Wales and the former ultimate parent company, can be obtained from the Company Secretary at 55 Bishopsgate, London, EC2N 3BD.