

# **TRENWICK UNDERWRITING LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2007**



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**Directors and Professional Advisers**

<b>Directors</b>	Richard Cripps Robert Law
<b>Registered Office</b>	Gallery 9 One Lime Street London EC3M 7HA
<b>Company Number</b>	2549227
<b>Auditors</b>	PricewaterhouseCoopers LLP Hay's Galleria 1 Hay's Lane London SE1 2RD

## **Directors' Report**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2007

### **Principal activity**

The principal activity of the Company is the provision of insurance services. The Company has not traded since 30 June 2000, but it continues to act as conduit to settle insurance claims.

### **Business review**

Under contractual agreement, ownership of any income or expenditure arising from the Company's former business belongs to Lloyd's Syndicate 839 ("S 839"). As a result the Company makes no profit or loss.

S 839 and the Company agreed that S 839 will handle all claims arising on business the Company is responsible for handling and will carry out the accounting for the insurance service activities of the Company, including the administration of the Company's general ledger, bank and control accounts.

### **Results and dividends**

The results of the Company for the year ended to 31 December 2007 are set out on page 6.

The directors do not recommend the payment of a dividend (2006: £nil).

### **Principal risks and uncertainties**

In the event liabilities arise from any historic non-insurance activities that cannot be settled out of the assets the Company holds relating to those activities, S 839 will support the Company up to an aggregate amount of £500,000. The Company has agreed to give S 839 beneficial ownership to any residual assets.

### **Key performance indicators**

Due to the nature of the Company, the directors do not deem it necessary to use key performance indicators.

### **Directors and their interests**

The names of the current directors are listed on page 2. All held office throughout the year.

No director held an interest in the shares of the Company.

In accordance with The Companies (Disclosure of Directors' Interests) (Exceptions) Regulations SI 85/802, the Directors have not disclosed their interests in the shares of Canopus Group Limited, the ultimate parent undertaking.

## **Directors' Report (continued)**

### **Statement of directors' responsibilities**

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with applicable United Kingdom law and Generally Accepted Accounting Practice, of the state of affairs of the Company and of the profit or loss of the Company for that year

In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors confirm that they have complied with these requirements in preparing the financial statements

The directors are responsible for keeping 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 Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities

### **Disclosure of information to auditors**

Each director of the Company has confirmed at the date of this report that

- in fulfilling their duties as a director they have taken appropriate steps in order to make themselves aware of any information relevant to the audit and to establish that the auditors are aware of that information,
- so far as they are aware, there is no relevant audit information of which the auditors have not been made aware

### **Auditors**

Pursuant to the provisions of section 386 of the Companies Act 1985, the Company has adopted the Elective Regime. Consequently, it has dispensed with the requirement to hold an Annual General Meeting and re-appoint the auditors. PricewaterhouseCoopers LLP have expressed their willingness to continue in office and so have been invited to do so

The report of the directors was approved by the board on 20 October 2008 and signed on its behalf by



Robert Law  
Director

30 October 2008

## **Independent Auditors' Report**

To the members of Trenwick Underwriting Limited

We have audited the financial statements of Trenwick Underwriting Limited for the year ended 31 December 2007 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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**

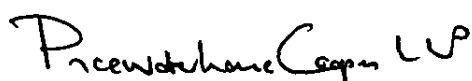
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2007 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

30 October 2008

**Profit and Loss Account**

Year ended 31 December 2007

No profit and loss account has been presented for the current or prior period, as the Company did not trade in either year

There are no recognised gains or losses in the current financial year. Accordingly, no statement of total recognised gains and losses is presented

**Balance Sheet**

As at 31 December 2007

	Note	2007 £'000	2006 £'000
<b>Current assets</b>			
Debtors	3	1,098	222
Cash at bank		657	1,172
		<b>1,755</b>	<b>1,394</b>
Creditors - amounts falling due within one year	5	(1,755)	(1,394)
<b>Net assets</b>		<b>-</b>	<b>-</b>
<b>Capital and reserves</b>			
Called up share capital	6	50	50
Profit and loss account	7	(50)	(50)
<b>Equity shareholder's funds</b>	8	<b>-</b>	<b>-</b>

These financial statements were approved by the board of directors on 20 October 2008 and were signed on its behalf by



Robert Law  
Director  
30 October 2008

The notes on pages 8 to 10 form part of these financial statements

## **Notes to the Financial Statements**

Year ended 31 December 2007

### **1. Accounting policies**

#### **(a) Basis of presentation**

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with Section 226a of, and Schedule 4 to, the Companies Act 1985 and in accordance with applicable accounting standards. The principal accounting policies are set out below.

#### **(b) Going concern**

In late 2005, the Company agreed to the full and final settlement of its £6.6m liability to a fellow group undertaking for the amount of £185,000. In addition, the Company agreed with Canopus Managing Agents Limited, acting as managing agent of Syndicate 839 ("S 839"), to pay the balance of the Company's net assets to Syndicate 839 in full and final settlement of all and any claims it has or might have against the Company.

S 839 and the Company agreed that S 839 will handle all claims arising on business the Company is responsible for handling and will carry out the accounting for the insurance service activities of the Company, including the administration of the Company's general ledger, bank and control accounts.

In the event liabilities arise from any historic non-insurance activities that cannot be settled out of the assets the Company holds relating to those activities, S 839 will support the Company up to an aggregate amount of £500,000. The Company agreed to give S 839 beneficial ownership to any residual assets. Accordingly the financial statements are prepared on a going concern basis.

#### **(c) Cash flow and related party transactions**

The Company is a wholly-owned subsidiary of Canopus Holdings UK Limited and is included in the consolidated financial statements of Canopus Group Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1. The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of Canopus Group.

#### **(d) Operating expenses**

Operating expenses are charged to the profit and loss account during the period in which they are incurred.

#### **(e) Taxation**

Taxation is provided at rates of corporation tax ruling during the accounting period.

### **2. Director's emoluments and staff costs**

All the directors of the Company are employed by Canopus Services Limited ("CSL"). Staff and director costs are borne by a fellow group undertaking and no re-charges are made by CSL to the Company.

No persons were employed by the Company during the year.

Directors' emoluments for the year, including benefits in kind, amounted to £nil (2006: £nil).

**Notes to the Financial Statements (continued)**  
Year ended 31 December 2007

**3. Debtors**

	<b>2007</b> £'000	<b>2006</b> £'000
Due from group undertakings	1,098	222
	<u>1,098</u>	<u>222</u>

**4. Insurance broking assets and liabilities**

The Company acted as an agent in placing the insurable risks of its clients and generally is not liable as principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the legal relationship with clients and underwriters and since in practice premium and claims monies are usually accounted for by insurance intermediaries, the Company has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the Company itself.

Included in the balance sheet headings listed below are these amounts

	<b>2007</b> £'000	<b>2006</b> £'000
Cash at bank	434	1,090
Creditors - amounts falling due within one year	(1,755)	(1,380)

**5 Creditors - amounts falling due within one year**

	<b>2007</b> £'000	<b>2006</b> £'000
Trade creditors	1,755	1,380
Other creditors	-	14
	<u>1,755</u>	<u>1,394</u>

**6 Called up share capital**

	<b>2007</b> £	<b>2006</b> £
<b>Authorised:</b>		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, issued and fully paid:</b>		
50,002 ordinary shares of £1 each	<u>50,002</u>	<u>50,002</u>

**7 Reserves**

	<b>2007</b> £'000	<b>2006</b> £'000
<b>Profit and loss account</b>		
At 1 January	(50)	(50)
Profit for the year	-	-
At 31 December	<u>(50)</u>	<u>(50)</u>

**Notes to the Financial Statements (continued)**

Year ended 31 December 2007

**8. Reconciliation of the movement in shareholder's funds**

	2007 £'000	2006 £'000
At 1 January	-	-
Profit for the year	-	-
At 31 December	-	-

**9 Contingent liability**

In the event liabilities arise from any historic non-insurance activities that cannot be settled out of the assets the Company holds relating to those activities, Canopus Managing Agents Limited, acting as managing agent of Syndicate 839 will support the Company up to an aggregate amount of £500,000. The Company has agreed to give S 839 beneficial ownership to any residual assets.

**10. Parent undertaking**

The Company's immediate UK parent is Canopus Holdings UK Limited, which is registered in England and Wales.

The Company's ultimate parent undertaking is Canopus Group Limited ("CGL"), incorporated in Guernsey and copies of the consolidated financial statements of CGL may be obtained from its registered office, which is Ogier House, St Julian's Avenue, St Peter Port, Guernsey GY1 1WA.

At 31 December 2007, 80% (2006: 80%) of the ordinary shares in issue of CGL were held by three funds, The Englefield Fund LP, The Englefield Affiliates Fund LP and The Englefield Institutional Affiliates Fund LP, managed by Englefield Capital LLP. The balance of the shares was held by Directors and staff of the Group. To the extent that Englefield Capital LLP manages the funds' investments on behalf of its fund investors, it is not the controlling party and the funds are not parent undertakings. Canopus Group Limited is therefore considered to be the ultimate parent undertaking and controlling party of Trenwick Underwriting Limited.