

**AEQUANIMITER LIMITED**

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**Report and Financial Statements**

**Aequanimiter Limited**

**Registered Number: 3365130**

**31 December 2004**



## **AEQUANIMITER LIMITED**

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## AEQUANIMITER LIMITED

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### Report of the Directors

The directors present their report and financial statements for the year ended 31 December 2004.

### Review of the Business and Future Developments

The principal activity of Aequanimiter Ltd is that of a holding company for a company whose primary activity was that of Lloyd's members' agents. It also acts as company secretary for a number of Namecos where CBS Private Capital Limited, a fellow subsidiary of CBS Insurance Holdings PLC, acts as members' agent.

### Results and Dividends

The results for the year and the state of the company's affairs as at 31 December 2004 are shown in the financial statements. The directors do not recommend the payment of a dividend (2003:£50,000).

### Directors

The following have served as directors during the period from 1 January 2004 to the date of this report.

DJ Ewart  
CAA Harbord-Hamond  
Mrs EL Royds  
AJ Sparrow

### Directors' Interests

No director has had an interest in the share capital of the company. The interests of the directors in CBS Insurance Holdings PLC are disclosed in the directors' report of that company, of which they are also directors.

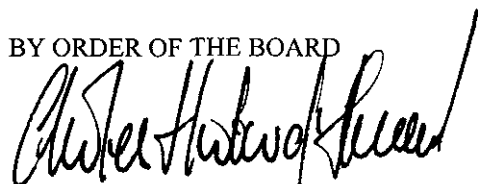
The director noted below holds the following loan notes in Aequanimiter Ltd.

	Unsecured Loan Notes 1998	
	at 31.12.2004	at 31.12.2003
	£	£
Mrs EL Royds	-	5,476

### Supplier Payment Policy

The company does not follow any code or statement on payment practice but it is the company's policy to pay all of its suppliers within 30 days of receipt of invoice.

BY ORDER OF THE BOARD



CAA Harbord-Hamond  
Director  
Peninsular House  
36 Monument Street  
London EC3R 8LJ

25 May 2005

**Statement of Directors' Responsibilities**

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 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;
- comply with applicable accounting standards 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 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent auditor's report to the members of Aequanimiter Limited**

We have audited the financial statements on pages 4 to 9.

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 auditor's 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**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 transactions with the company is not disclosed.

**Basis of audit 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 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

8 Salisbury Square  
London EC4Y 8BB

25 May 2005

**AEQUANIMITER LIMITED****Profit and Loss Account for the year ended 31 December 2004**

	Note	12 months to 31.12.04 £	12 months to 31.12.03 £
Turnover	2	23,000	-
Administrative expenses		<u>(29,774)</u>	<u>(45,620)</u>
OPERATING LOSS	3	(6,774)	(45,620)
Income from shares in group undertakings		-	64,993
Interest payable and similar income		<u>(90)</u>	<u>(254)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,864)	19,119
Taxation on ordinary activities	5	<u>2,059</u>	<u>856</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(4,805)	19,975
Dividends paid	6	-	(50,000)
RETAINED LOSS FOR THE YEAR	11	<u>(4,805)</u>	<u>(30,025)</u>

All recognised gains and losses are included in the Profit and Loss Account above; hence no Statement of Total Recognised Gains and Losses has been provided. All of the company's activities are in respect of continuing operations.

# AEQUANIMITER LIMITED

## Balance Sheet as at 31 December 2004

	Note	31.12.04 £	31.12.03 £
<b>FIXED ASSETS</b>			
Investments	7	<u>583,059</u>	<u>583,059</u>
		583,059	583,059
 <b>CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	 8	 <u>24,193</u>	 <u>19,388</u>
 <b>NET CURRENT LIABILITIES</b>		 (24,193)	 (19,388)
 <b>NET ASSETS</b>		 <u>558,866</u>	 <u>563,671</u>
 <b>CAPITAL AND RESERVES</b>			
Called up share capital	9	123,000	123,000
Share premium account	10	210,000	210,000
Merger reserve	10	217,270	217,270
Capital Redemption Reserve	10	100	100
Profit and loss account	10	8,496	13,301
 <b>SHAREHOLDERS' FUNDS</b>	 11	 <u>558,866</u>	 <u>563,671</u>

Approved by the board on 25 May 2005 and signed on its behalf by



CAA Harbord-Hamond  
Director

## AEQUANIMITER LIMITED

### Notes to the Financial Statements for the year ended 31 December 2004

#### 1. Accounting Policies

- a) The financial statements are prepared under the historical cost convention and in accordance with applicable Financial Reporting Standards and Statements of Standard Accounting Practice.
- b) Investment income is dealt with on an accruals basis.
- c) Other income and expenses are dealt with on an accruals basis.
- d) Investments are stated at cost less any impairment in value at the balance sheet date.
- e) Group accounts have not been prepared because the company is an intermediate parent company. The results of the company and its subsidiaries have been consolidated into the accounts of the ultimate parent company, CBS Insurance Holdings PLC.
- f) The company has taken advantage of the exemption contained in FRS 8 not to disclose related party transactions or balances with certain entities which form part of the group. The consolidated financial statements of CBS Insurance Holdings PLC, within which this company's affairs are included, can be obtained from the address shown in note 13.
- g) The company has relied on the exemption given in Financial Reporting Standard 1 (Revised) not to prepare a cashflow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.
- h) The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### 2. Turnover

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Turnover comprises:		
Management fee	23,000	-
	<u>23,000</u>	<u>-</u>

#### 3. Operating Loss

Operating Loss is stated after charging:

	12 months to 31.12.04 £	12 months to 31.12.03 £
Investment write off	-	43,020
Auditors' remuneration - audit fee	1,250	1,600
- non audit services	<u>1,250</u>	<u>1,000</u>



# AEQUANIMITER LIMITED

## Notes to the Financial Statements for the year ended 31 December 2004 (continued)

### 4. Directors' Emoluments

The directors did not receive any remuneration in respect of the work performed for the company during the year.

### 5. Taxation

	12 months to 31.12.04 £	12 months to 31.12.03 £
i) Analysis of tax charge on year		
UK Corporation tax @ 30%	2,059	856
	<u>2,059</u>	<u>856</u>
ii) Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities for the year	(6,864)	19,119
Tax charge at 30%	2,059	(5,736)
Effects of:		
Dividend income	-	19,498
Capital loss carried forward to future periods	-	(12,906)
	<u>2,059</u>	<u>856</u>

### 6. Dividends Paid

	12 months to 31.12.04 £	12 months to 31.12.03 £
Ordinary shares (2003:40.7p per share)	-	50,000
	<u>-</u>	<u>50,000</u>

### 7. Fixed Asset Investments

Cost	£
At 1 January 2004 & 31 December 2004	<u>823,611</u>
Provision for diminution in value	£
At 1 January 2004 and 31 December 2004	<u>240,552</u>
Net book value	£
At 31 December 2003 and 31 December 2004	<u>583,059</u>

# AEQUANIMITER LIMITED

## Notes to the Financial Statements for the year ended 31 December 2004 (continued)

### 7. Fixed Asset Investments (continued)

The subsidiary company listed below is registered in England and Wales at 31 December 2004. The investment is unlisted.

Name	Business	Percentage Owned	Shares
Christie Brockbank Shipton Ltd	Lloyd's Members' Agent	100%	Ordinary

In the opinion of the directors the value of the fixed asset investment in Group undertakings is not less than the amounts at which it is included in the accounts.

### 8. Creditors

	31.12.04 £	31.12.03 £
Amounts falling due within one year:		
Amounts due to group undertakings	20,693	11,149
Accruals & deferred income	3,500	2,763
Unsecured Loan Notes 1998	-	5,476
	<u>24,193</u>	<u>19,388</u>

### 9. Share Capital

	31.12.04 £	31.12.03 £
Authorised:		
1,999,000 ordinary shares of 10p each	199,900	199,900
1,000 preference shares of 10p each	100	100
	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
1,230,000 ordinary shares of 10p each	123,000	123,000
	<u>123,000</u>	<u>123,000</u>

### 10. Reserves

	Share Premium £	Merger Reserve £	Capital Redemption Reserve £	Profit & Loss Account £	Total £
At 1 January 2004	210,000	217,270	100	13,301	440,671
Loss for the year	-	-	-	(4,805)	(4,805)
At 31 December 2004	<u>210,000</u>	<u>217,270</u>	<u>100</u>	<u>8,496</u>	<u>435,866</u>

## AEQUANIMITER LIMITED

### Notes to the Financial Statements for the year ended 31 December 2004 (continued)

#### 11. Reconciliation of Movements in Shareholders' Funds

	2004	2003
	£	£
(Loss)/Profit for the period	(4,805)	19,975
Dividends paid	-	(50,000)
Net increase/(reduction) to Shareholders' Funds	(4,805)	(30,025)
Opening Shareholders' Funds	563,671	593,696
Closing Shareholders' Funds	558,866	563,671
The total of shareholder's funds comprises:		
	2004	2003
	£	£
Equity Interests	558,866	563,671

#### 12. Contingent Liabilities

The company is party to a guarantee given to CBS Underwriting 2001 Ltd and CBS Underwriting 2002 PLC, fellow subsidiaries of CBS Insurance Holdings PLC, and Arch (2004) Ltd, a former subsidiary of CBS Insurance Holdings PLC, in respect of the letters of credit supporting their Funds at Lloyd's.

#### 13. Ultimate Parent Undertaking

The company is a subsidiary of CBS Insurance Holdings PLC, a company registered in England & Wales. The company's results are consolidated in the group accounts of CBS Insurance Holdings PLC, copies of which are available at Peninsular House, 36 Monument Street, London EC3R 8LJ.