

CBS UNDERWRITING 2002 LTD

Company registration number: 04235366

Report and Financial Statements

CBS Underwriting 2002 Limited

31 December 2012



CBS UNDERWRITING 2002 LTD

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CBS UNDERWRITING 2002 LTD

Report of the Directors

The directors present their report and financial statements for the year ended 31 December 2012

The Company

On 15 December 2010 the member approved the cancellation of 5,217,194 ordinary shares of 10p each and the share premium account of £4,245,475 50. The comparatives in the accounts and the notes thereto reflect these changes.

Review of the Business and Future Developments

The company's principal activity was to carry on the business of underwriting as a corporate member of Lloyd's.

The company ceased underwriting on 31 December 2005. The last underwriting year closed at 31 December 2008. The directors have made significant progress during the year towards winding up the company's affairs and making the company dormant.

Results and Dividends

The results for the year and the state of the company's affairs as at 31 December 2012 are shown in the financial statements. The directors do not recommend the payment of a final dividend (2012 *interim dividends of £5,635*).

Management of Financial Risk

The company is exposed to financial risk through its financial assets. The best possible interest rates on its funds are obtained from clearing banks.

Directors

The following have served as directors from 1 January 2012 to 12 April 2013:

DJ Ewart
CAA Harbord-Hamond

The following have served as directors from 12 April 2013 to the date of this report:

M J Argyle
Fidentia Trustees Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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Report of the Directors (continued)

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006.

The directors 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.

Auditors

The auditors, Humphrey & Co, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on 27 September 2013 and signed on its behalf by

M. J. Argyle.

M J Argyle for and on behalf of Fidentia Trustees Limited

Director

Independent Auditors Report

To the shareholders of CBS Underwriting 2002 Limited

We have audited the financial statements of CBS Underwriting 2002 Limited for the year ended 31 December 2012 on pages 4 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 the directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 and 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

Adequate accounting records have not been kept, or returns adequate for audit have not been received from branches not visited by us, or

- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Andrew Robinson (Senior Statutory Auditor)

for and on behalf of Humphrey & Co

Chartered Accountants

Statutory Auditor

Date *30 September* 2013

Humphrey & Co
7 - 9 The Avenue
Eastbourne
East Sussex
BN21 3YA

CBS UNDERWRITING 2002 LTD

Profit and Loss Account for the year ended 31 December 2012

	Note	2012 £	2011 £
NON TECHNICAL ACCOUNT			
Balance on the general business technical account		-	-
Other income		-	7
Other charges including value adjustments		-	-
Profit on ordinary activities before taxation	3	-	7
Tax on profit on ordinary activities	5	-	(2)
Retained profit after tax on ordinary activities	8	-	5

All of the company's activities are in respect of discontinuing operations. 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.

The notes of pages 8 to 13 form part of the financial statements.

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Balance Sheet as at 31 December 2012

REGISTERED NUMBER 04235366 (England and Wales)

	Note	2012 £	2011 £
CURRENT ASSETS			
DEBTORS			
Other debtors	6	-	5,637
		-	5,637
OTHER ASSETS			
Cash at bank and in hand		-	-
		-	-
TOTAL ASSETS		-	5,637

The notes on pages 8 to 13 form part of the financial statements

CBS UNDERWRITING 2002 LTD

Balance Sheet as at 31 December 2012 (continued)

REGISTERED NUMBER 04235366 (England and Wales)

	Note	2012 £	2011 £
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	7	-	-
Profit and loss account	8	-	5,635
Equity Shareholders' Funds	9	-	5,635
TECHNICAL PROVISIONS			
Claims outstanding		-	-
CREDITORS			
Other creditors including taxation and social security	10	-	2
ACCRUALS AND DEFERRED INCOME		-	-
TOTAL LIABILITIES		-	5,637

The notes on pages 8 to 13 form part of the financial statements

Approved by the board of directors on 27 September 2013 and signed on its behalf by

M. J. Argyle

M J Argyle for and on behalf of Fidentia Trustees Limited
Director

Company registration number 04235366

CBS UNDERWRITING 2002 LTD

Cash Flow Statement for the year ended 31 December 2012

	Note	2012 £	2011 £
Cash flow from Operating Activities	12	-	(7,197)
Return on investment and servicing of finance			
Interest received		-	10
Tax received		-	6,643
Net Cash Outflow Before Financing		<u>-</u>	<u>(544)</u>
Increase/(Decrease) in Cash in Year	12	<u>-</u>	<u>(544)</u>

The cash flow statement excludes cash flows within syndicate premium trust funds because the company has restricted access to syndicate cash flows

The notes on pages 8 to 13 form part of these financial statements

CBS UNDERWRITING 2002 LTD

Notes to the Financial Statements for the year ended 31 December 2012

1. Basis of Preparation

Break up basis

The company ceased underwriting at 31 December 2005 and as management intend to wind up the company's affairs these accounts have been prepared on a break up basis

Related parties

As the company is a wholly owned subsidiary of CBS Insurance Holdings Limited the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

2. Accounting Policies

(a) **Accounting convention**

The financial statements have been prepared in accordance with applicable Accounting Standards and the Companies Act 2006 on the break up basis and under the historical cost convention

(b)

Premiums

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax

Gross premiums written may include "reinsurance to close" receivable (see (e) below)

Premiums written by a syndicate may also include the reinsurance of other syndicates on which the company participates. No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' claims) to remove this inter syndicate reinsurance

Outward reinsurance premiums may include "reinsurance to close" payable (see (e) below)

(c) **Claims incurred**

Claims incurred include the costs of claims handling expenses. Recoverable amounts arising out of subrogations or salvage are deducted from the cost of claims. Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessment of claims from previous years differs from the provision at the beginning of the year

(d) **Provision for claims**

Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision has been increased as appropriate by the company to the extent that deficits are foreseen on unexpired risks

The directors consider that the provisions for losses on open years are fairly stated on the basis of the information available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the losses foreseen. Adjustments to the amounts of provisions are reflected in the accounts for the period in which the adjustments are made. The methods used to assess provisions, and the provisions made, are regularly reviewed

Notes to the Financial Statements for the year ended 31 December 2012 (continued)

2. Accounting Policies (continued)

(e) **Reinsurance to close**

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's syndicates. Under it, underwriting members (the reinsured members) who are members of a syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another syndicate for a later year of account (the reinsuring members) that the reinsuring members will indemnify, discharge or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that syndicate and allocated to the closed year in consideration of

(a) a premium, and

(b) either

- (i) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurance and other monies receivable in connection with that insurance business), or
- (ii) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefits so far as they are not applied in discharge of the liabilities of the reinsured members

Where the reinsurance to close is between members on successive years of account of the same syndicate, the managing agent has a duty to ensure both sets of members are treated equitably and to set reinsurance to close with the intention that neither a profit nor a loss accrues to either group of members

To the extent that the company participates on successive years of account of the same syndicate and there is a reinsurance to close between those years, the company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid

If the company has increased its participations from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the company has assumed a greater proportion of the business of the syndicate. If the company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the company's exposure to risks previously written by the syndicate

The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims

However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a syndicate year of account and it is treated for account purposes as settling all the company's outstanding gross liabilities in respect of the business so reinsured

(f) **Investments**

Listed and other traded investments are stated at mid-market values. Other investments are stated at directors' valuations. Unrealised gains and losses are recognised in the profit and loss account

Notes to the Financial Statements for the year ended 31 December 2012 (continued)

2. Accounting Policies (continued)

(g) Investment income

Investment income comprises interest receivable and dividends received plus realised gains on the disposal of investments. Realised gains and losses arise from the difference between proceeds and valuation at the previous year end, or cost if there has been no previous revaluation.

Where investments represent the company's share of syndicate investments, they are treated as sold and repurchased at each year end in recognition of the annual venture nature of participation on a syndicate. The cost of these investments is therefore their market value at each 31 December. The realised gains reported by Syndicates are net of any realised losses.

All investment income, net of realised losses, arising on syndicate participation is allocated to the technical account. Other investment income is attributable to the non-technical account.

(h) Investment expenses and charges

Investment expenses and charges comprise investment management expenses and losses on the realisation of investments. Realised losses arise from the difference between proceeds and valuation at the previous year end, or cost if there has been no previous revaluations. The realised losses reported by Syndicates are net of any realised gains.

(i) Net operating expenses

Operating expenses are recognised when incurred. They include the company's share of syndicate operating expenses, the remuneration payable to Managing Agents (and the company's Members' Agent) and the direct costs of membership of Lloyd's. Where they relate to the company's underwriting, they are charged to the accounts in relation to the earning patterns of profits and premiums. Reinsurance costs and letter of credit charges in relation to the company's Funds at Lloyd's are charged to the technical account.

(j) Other charges

Expenses not attributable to underwriting or investment management are recognised when incurred.

(k) Foreign Currencies

Transactions in foreign currencies other than sterling, United States dollars and Canadian dollars are translated at the rates of exchange ruling at the date the transaction is processed. Unless otherwise stated, transactions in United States dollars and Canadian dollars and assets and liabilities in currencies other than sterling are translated at the rates of exchange ruling at the end of the financial year. Exchange differences arising on translation are dealt with in the profit and loss account.

(l) Taxation

The company is taxed on its share of the underwriting results declared by Syndicates and these are deemed to accrue evenly over the calendar year in which they are declared.

The Inland Revenue determines the taxable results of Syndicate on the basis of computations submitted by the Managing Agent.

Other profits are assessable to corporation tax in the same period as they are recognised for accounting purposes, after adjustment in accordance with tax legislation.

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Notes to the Financial Statements for the year ended 31 December 2012 (continued)

2. Accounting Policies (continued)

(m) Deferred taxation

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.

3. Profit on Ordinary Activities Before Tax

The profit on ordinary activities before tax is stated after charging/(crediting)

	2012	2011
	£	£
Auditor's remuneration - audit services	-	1,000
- non-audit services	-	1,000

Fees of £240 (2011 - £1,000) were paid to the Company's auditors in respect of audit services provided in the year.

The 2012 audit fee has not been included in the accounts on the basis that the fee was settled by a third party.

Auditor's remuneration has been borne by the parent company.

4. Directors' Emoluments

The directors received no remuneration in respect of work performed for the company (2011, £Nil).

5. Taxation

	2012	2011
	£	£
i) Analysis of tax charge in the year		
UK Corporation tax at 20% (2011 26.5%)	-	(2)
Adjustment to prior years	-	-
Total current tax	-	(2)
Deferred tax	-	-
	-	(2)
ii) Factors affecting tax charge for the year		
Profit on ordinary activities before tax	-	7
Tax charge at 20% (2011 26.5%)	-	(2)
Effects of		
Underwriting profit disallowed	-	-
Total current tax	-	(2)

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Notes to the Financial Statements for the year ended 31 December 2012 (continued)

6. Other Debtors

	2012 £	2011 £
Due within one year		
Amounts due from group undertakings	-	5,637
Corporation tax	-	-
Other	-	-
	<u>-</u>	<u>5,637</u>

7. Share Capital

	2012 £	2011 £
Issued and fully paid		
1 ordinary share of 10p	-	-
	<u>-</u>	<u>-</u>

8. Reserves

	Profit & Loss Account £
At 1 January 2012	5,635
Retained profit	-
Dividends	(5,635)
At 31 December 2012	<u>-</u>

9. Reconciliation of Movements in Shareholders' Funds

	2012 £	2011 £
At 1 January	5,635	5,630
Retained profit for year	-	5
Dividends	(5,635)	-
At 31 December	<u>-</u>	<u>5,635</u>

The total of shareholders funds comprises

	2012 £	2011 £
Equity interests	<u>-</u>	<u>5,635</u>
	<u>-</u>	<u>5,635</u>

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Notes to the Financial Statements for the year ended 31 December 2012 (continued)

10 Other Creditors including Taxation and Social Security

	2012	2011
	£	£
Amounts due to group undertakings	-	-
Corporation tax	-	2
	<u>-</u>	<u>2</u>

11. Funds at Lloyd's

The company last underwrote for the 2005 year with an allocated capacity of £85 million. The company ceased underwriting at 31 December 2005 and the year of account closed on 31 December 2008. There are no longer any Funds at Lloyd's.

12. Cash Flow Statement

(a) Reconciliation of operating profit to operating cash flows

	2012	2011
	£	£
Profit on ordinary activities before taxation	-	7
Interest receivable	-	(7)
(Increase) in debtors	-	(3,297)
(Decrease) in creditors	-	(3,900)
	<u>-</u>	<u>(7,197)</u>

(b) Movement in cash and financing

	as at 1.1.12	Cash flows	at 31.12.12
	£	£	£
Cash at bank	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

13. Ultimate Holding Company

At 31 December 2012 the company was a subsidiary of CBS Insurance Holdings Limited, a company registered in England & Wales whose registered office is Unit C25, Jack's Place, 6 Corbet Place, London E1 6NN.

At 9 January 2012 the company became a wholly owned subsidiary of CBSI Limited, a company registered in England and Wales, whose registered address is Unit C25, Jack's Place, 6 Corbet Place, London E1 6NN. CBSI Limited is a wholly owned subsidiary of CBS Insurance Holdings Limited. On 15 February 2012 CBS Insurance Holdings Limited went into members' voluntary liquidation.

On 12 April 2013 the company became a wholly owned subsidiary of Fidentia Holdings Limited, a company registered in England and Wales, whose registered address is 3 Castlegate, Grantham, Lincolnshire, NG31 6SF.