

**IMAGINE CORPORATE CAPITAL LIMITED**

**Annual Report and Audited Financial Statements**

**For the year ended 31 December 2005**



# **IMAGINE CORPORATE CAPITAL LIMITED**

## **REPORT AND FINANCIAL STATEMENTS - 31 DECEMBER 2005**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

M P Daly

R J Forness

B S Huntington

Resigned 08.03.06

P R Norris

Resigned 29.04.05

**COMPANY SECRETARY**

P M Armfield

**REGISTERED OFFICE**

70 Gracechurch Street

London EC3V 0XL

**AUDITORS**

KPMG Audit Plc

Registered Auditor

London

## DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

The principal activity of the company during the period under review was that of a corporate underwriting member of Lloyd's of London.

## BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company provides capital to support the underwriting of Syndicate 994 which is managed by Imagine Underwriting Limited. For the 2005 year of account, the amount of underwriting capacity allocated to Syndicate 994 was £40,000,000 (2004 - £40,000,000).

During the year the 2005 year of account of Syndicate 994 wrote two structured reinsurance policies. Following the year end, the 2005 Year of Account has accepted the reinsurance to close of the 1999 and 2000 Years of Account of Syndicate 1069.

The company provides all the capacity for the 2006 underwriting account of syndicate 994 (£40,000,000). The syndicate continues to provide specialist reinsurance products.

## RESULTS AND DIVIDENDS

The result for the period is as shown in the profit and loss account on pages 6 and 7. The directors do not recommend the payment of a dividend.

## DIRECTORS AND THEIR INTERESTS

The directors who held office during the period under review to the date of this report (unless otherwise stated) were as follows:

<i>Name</i>	<i>Appointed</i>	<i>Resigned</i>
M P Daly		
R J Forness		
B S Huntington		08.03.06
P R Norris		29.04.05

Mr B S Huntington had, as at 31 December 2005, a 5% registered interest in Imagine Group Holdings Limited, a parent company of Imagine Corporate Capital Limited. None of the directors have an interest in the ultimate parent company, Brookfield Asset Management Inc.

**DIRECTORS' REPORT (continued)**

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

The company made no political or charitable contributions during the period.

**AUDITORS**

KPMG Audit Plc has been appointed as auditors, and have expressed its willingness to continue in office. In accordance with section 385 of the Companies Act 1985 a resolution for its re-appointment as auditors will be submitted to the Annual General Meeting.

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



Paul M Armfield  
Company Secretary  
10th October, 2006

*Registered Office*  
70 Gracechurch Street  
London EC3V 0XL

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit and 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 estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 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 its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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



Paul M Armfield  
Company Secretary  
10th October, 2006

*Registered Office*  
70 Gracechurch Street  
London EC3V 0XL

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
IMAGINE CORPORATE CAPITAL LIMITED**

We have audited the financial statements of Imagine Corporate Capital Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes 1 to 18. 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 on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK 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).

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 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements.

**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.

**Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st December 2005 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  
London  
10th October, 2006

**PROFIT AND LOSS ACCOUNT**

**For the year ended 31 December 2005**

**Technical account general business**

	Note	2005 £'000	2004 £'000
<b>Earned premiums, net of reinsurance</b>			
Gross premiums written	2	7,063	50,808
Outwards reinsurance premiums	2	(4,739)	77
Net premiums written		<u>2,324</u>	<u>50,885</u>
 Gross provision for unearned premiums	2	(1,535)	1,607
Provision for unearned premiums reinsurers' share	2	<u>0</u>	<u>(5)</u>
Net unearned premium		<u>(1,535)</u>	<u>1,602</u>
 <b>Earned premiums, net of reinsurance</b>		789	52,487
 Allocated investment return transferred from the non technical account		1,608	797
 <b>Total technical income</b>		<u><u>2,397</u></u>	<u><u>53,284</u></u>
 <b>Claims incurred, net of reinsurance</b>			
Claims paid			
Gross amount		(16,439)	(11,585)
Reinsurers' share		<u>6,993</u>	<u>2,153</u>
Net claims paid		<u>(9,446)</u>	<u>(9,432)</u>
 Change in the provision for claims	15		
Gross amount		13,272	(52,307)
Reinsurers' share		<u>(4,159)</u>	<u>10,370</u>
Change in the net provision for claims		<u>9,113</u>	<u>(41,937)</u>
 <b>Claims incurred, net of reinsurance</b>		(333)	(51,369)
 Syndicate operating expense	3	(3,624)	(1,783)
Personal expenses		<u>(800)</u>	<u>(1,100)</u>
Net operating expenses		<u>(4,424)</u>	<u>(2,883)</u>
 <b>Total technical charges</b>		<u><u>(4,757)</u></u>	<u><u>(54,252)</u></u>
 <b>Balance on the technical account for general business</b>		<u><u>(2,360)</u></u>	<u><u>(969)</u></u>



**PROFIT AND LOSS ACCOUNT**

**For the year ended 31 December 2005**

**(continued)**

**Non-Technical account**

	Notes	2005 £'000	2004 £'000
<b>Balance on the general business technical account</b>		(2,360)	(969)
Investment income	4	2,614	1,363
Realised losses	4	(547)	(327)
Investment expenses and charges	4	16	(59)
Allocated investment return transferred to the general business technical account	4	(1,608)	(797)
		<hr/>	<hr/>
		(1,885)	(789)
Interest payable to loan stock holders		(476)	(180)
Other income/(charges)		462	(648)
<b>Loss on ordinary activities before tax</b>	5	<hr/> (1,899) <hr/>	<hr/> (1,617) <hr/>
Tax on loss on ordinary activities	7	428	517
<b>Loss on ordinary activities after tax and profit retained for the financial year</b>	13	<hr/> (1,471) <hr/>	<hr/> (1,100) <hr/>

All of the operations of the company are continuing.

There are no recognised gains or losses in the current or preceding year other than those included in the profit and loss account, and therefore no statement of total recognised gains and losses is shown.

**BALANCE SHEET**

**As at 31 December 2005**

	Notes	Corporate £'000	2005 Syndicate £'000	Total £'000	Corporate £'000	2004 Syndicate £'000	Total £'000
<b>ASSETS</b>							
<b>Investments</b>							
Financial investments	8	-	45,386	45,386	-	19,670	19,670
		-	45,386	45,386	-	19,670	19,670
<b>Reinsurers' share of technical provisions</b>							
Claims outstanding	15	-	7,917	7,917	-	11,665	11,665
Provision for unearned premiums		-	-	-	-	-	-
		-	7,917	7,917	-	11,665	11,665
<b>Debtors</b>							
Debtors arising out of direct insurance operations - due from intermediaries		-	1,490	1,490	-	308	308
Debtors arising out of reinsurance operations - due from intermediaries		-	3,397	3,397	-	872	872
RITC		-	-	-	-	39,630	39,630
Other debtors	9	1,322	4,720	6,042	636	712	1,348
Corporate - syndicate control account		(1,097)	1,097	-	1,771	(1,771)	0
		225	10,704	10,929	2,408	39,751	42,159
<b>Other assets</b>							
Cash at bank and in hand	10	18,273	11,953	30,226	15,934	5,620	21,554
Overseas deposits		-	7,163	7,163	-	3,501	3,501
Other		-	1,784	1,784	-	38	38
		18,273	20,900	39,173	15,934	9,159	25,093
<b>Prepayments and accrued income</b>							
Other prepayments and accrued income		-	13	13	-	15	15
		-	13	13	-	15	15
<b>TOTAL ASSETS</b>		18,498	84,920	103,418	18,342	80,260	98,602

**BALANCE SHEET (continued)**  
**As at 31 December 2005**

	Notes	Corporate £'000	2005 Syndicate £'000	Total £'000	Corporate £'000	2004 Syndicate £'000	Total £'000
<b>LIABILITIES</b>							
<b>Capital and reserves</b>							
Loan Stock	11	10,000		10,000	10,000	-	10,000
Called up share capital	12	1		1	1	-	1
Profit and loss account		(1,515)		(1,515)	(44)	-	(44)
<b>Equity shareholders' deficit</b>		<b>8,486</b>	<b>-</b>	<b>8,486</b>	<b>9,957</b>	<b>-</b>	<b>9,957</b>
<b>Technical provisions</b>							
Claims outstanding	15	-	72,485	72,485	-	80,516	80,516
Provision for unearned premiums		-	1,535	1,535	-	-	-
		-	74,020	74,020	-	80,516	80,516
<b>Provisions for other risks and charges</b>	14	<b>593</b>	<b>-</b>	<b>593</b>	<b>593</b>	<b>-</b>	<b>593</b>
<b>Creditors</b>							
Creditors arising out of direct insurance operations		-	4,184	4,184	-	64	64
Creditors arising out of reinsurance operations		-	1,311	1,311	-	167	167
Credit institutions		-	-	-	-	-	-
Other creditors including taxation	16	8,796	4,354	13,150	7,495	(687)	6,808
		<b>8,796</b>	<b>9,849</b>	<b>18,645</b>	<b>7,495</b>	<b>(456)</b>	<b>7,039</b>
<b>Accruals and deferred income</b>		<b>623</b>	<b>1,051</b>	<b>1,674</b>	<b>297</b>	<b>200</b>	<b>497</b>
<b>TOTAL LIABILITIES</b>		<b>18,498</b>	<b>84,920</b>	<b>103,418</b>	<b>18,342</b>	<b>80,260</b>	<b>98,602</b>

These financial statements were approved by the Board of Directors on 10th October, 2006

Signed on behalf of the Board of Directors



M P Daly  
Director

**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2005****1 ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments, and in accordance with applicable Accounting Standards in the United Kingdom. They are approved in accordance with provisions of Section 255 of, and Schedule 9A to, the Companies Act 1985. The company has followed, as applicable, the guidance in the Statement of Recommended Practice "Accounting for insurance business" issued by the Association of British Insurers ("the ABI Sorp") in December 2005.

Accounting policies are applied consistently from one financial year to another. Implementation of FRS 21 and 25, adopted this year, have no effect on these financial statements. The particular accounting policies adopted are described below.

**(a) Investments**

Listed investments are valued at middle market prices.

Syndicate participation investments are treated as sold and purchased at each 31 December in recognition of the annual venture nature of participation on a syndicate. Their cost is therefore their market value at that date.

**(b) Investment income, expenses and charges**

Investment income comprises interest receivable and dividends received plus recognised gains on the disposal of investments. Realised gains and losses arise from the difference between proceeds and cost. The realised gains reported by syndicates are net of any realised losses.

**(c) Taxation**

Taxation is based on the taxable result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. In accordance with FRS 19, full provision is made for deferred tax at the rates of tax expected to apply when the timing differences reverse.

**(d) Foreign currency transactions – non underwriting transactions**

Transactions in foreign currency, whether of a revenue or capital nature, are translated into sterling at the rates of exchange ruling on the dates of such transactions. Revenue items accrued and other foreign currency assets and liabilities at the balance sheet date are translated into sterling at the rates of exchange ruling on that date.

**(e) Lloyd's underwriting activities***Basis of preparation*

The accounting information in respect of underwriting income and assets and liabilities from syndicate participation on Syndicate 994 has been provided by the managing agent based on the Annual Accounting Return provided to Lloyd's as at 31 December 2005 which has been audited by the syndicate auditors.

*Assets and liabilities*

The assets and liabilities entitled "syndicate participation" represent an aggregation of the proportion of assets and liabilities of syndicate 994 in which the company participates. These assets are held subject to the individual syndicate trust funds and the company cannot obtain or use them until such time as each syndicate underwriting year is closed and profits are distributed, or an advance profit release is made.

*Annual accounting*

The annual basis of accounting has been adopted. Under the annual basis the company's share of the premiums, claims and expenses (including personal expenses) that are earned by the syndicates in the period are included in these financial statements.

*Premiums*

Written premiums comprise the total premiums receivable in the period together with adjustments to premiums receivable and reinstatement premiums arising in the financial period in respect of business written in previous financial years.

All premiums are shown gross of commission payable to intermediaries but net of taxes and duties levied on premiums

*Unearned Premiums*

The provision for unearned premiums represents that part of gross premiums written, and the reinsurers' share thereof, that is estimated to be earned after the balance sheet date.

*Deferred Acquisition Costs*

Acquisition costs represent the expenses, both direct and indirect, of acquiring insurance policies written during the period. Acquisition costs are deferred and amortised over the period in which the premium is earned. Deferred acquisition costs represent the proportion of acquisition costs incurred in respect of unearned premiums at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2005****1 ACCOUNTING POLICIES****(e) Lloyd's underwriting activities (continued)***Claims*

Claims incurred comprise claims and settlements expenses (both internal and external) paid in the year and the movement in provision for outstanding claims and settlement expenses, including an allowance for the cost of claims incurred by the balance sheet date but not reported until after the period end. Provisions for claims outstanding are based on information available to the managing agent of syndicate 994 and the eventual outcome may vary from the current assessment. Any differences between the provisions and subsequent settlements are dealt with in the technical accounts of later years.

Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet, whether reported or not, together with related claims handling expenses.

*Technical provisions – claims outstanding*

The ultimate cost of outstanding claims is estimated by using a range of projection methods and techniques. The methods extrapolate the development of paid and incurred claims based upon the observed development of earlier years and expected loss ratios.

The main assumptions underlying these techniques is that past claim development experience can be used to project ultimate claims costs. Judgement is used to assess the extent to which past trends may not apply in the future, for example to reflect public attitudes to claiming or varying levels of claims inflation. The approach adopted takes into account, inter alia, the nature and materiality of the business and the type of data available.

Professional judgement is applied to take account of one-off occurrences or changes in legislation, policy conditions in arriving at the estimated cost of claims, in order that it represents the most likely outcome, from a range of possible outcomes, taking account of all the uncertainties involved. Provisions are calculated allowing for reinsurance recoveries and a separate asset is recorded for the reinsurers' share, having regard to collectability.

*Unexpired risk provisions*

A provision for unexpired risks is made when it is anticipated that unearned premiums will be insufficient to meet future claims and claims settlement expenses of business in force at the period end. The provision for unexpired risks is included within the technical provisions in the balance sheet.

*Underwriting income and expenses*

All income and expenditure incurred from participation in the underlying syndicates is dealt with through the technical account except investment income earned by the syndicates which is initially recorded in the non-technical account and then transferred to the technical account.

*Lloyd's levies*

Lloyd's levies are accounted for having regard to whether they relate to underwriting, in which case they are charged against the year of account to which they relate, or to general levies in which case they are charged to the calendar year in which they are raised.

*Foreign Currency*

Syndicate assets and liabilities and income and expenditure expressed in US Dollars, Canadian Dollars and Euros are converted into sterling at the rates of exchange ruling at 31 December.

**(f) Cash flow statement**

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No 1 on the grounds that it is entitled to as a wholly owned subsidiary of a parent undertaking which publishes a consolidated cash flow statement.

Interest payable and expenses incurred in the management of investments are accounted for on an accruals basis.

Unrealised gains or losses represent the difference between the valuation of investments at the balance sheet date and their purchase price. The movement in unrealised investment gains and losses therefore comprises the increase or decrease in the year in the value of investments held at the balance sheet date together with the reversal of previously recognised unrealised gains and losses on investments disposed of in the current year.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2005

**2 SEGMENTAL INFORMATION**

Analysis of gross premiums written, gross premiums earned, gross claims incurred, gross operating expenses and the reinsurance balance:

2005	Gross premium earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000
<b>Direct Business</b>				
Accident & Health	23	(8)	(6)	(16)
Motor - (third party liability)	0	(27)	(19)	(56)
Motor - other classes	9	(9)	(6)	(17)
Marine, aviation & transport	1	(1)	(1)	(2)
Fire and other damage to property	68	(84)	(57)	(166)
Third party liability	5	(19)	(13)	(38)
Other	89	(356)	(241)	(716)
<b>Direct total</b>	<b>195</b>	<b>(504)</b>	<b>(343)</b>	<b>(1,011)</b>
<b>Reinsurance business</b>	<b>5,333</b>	<b>(2,662)</b>	<b>(4,082)</b>	<b>(894)</b>
<b>Total</b>	<b>5,527</b>	<b>(3,166)</b>	<b>(4,425)</b>	<b>(1,905)</b>
2004	Gross premium earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000
<b>Direct Business</b>				
Accident & Health	92	(452)	(2,176)	(21)
Motor - other classes	(3)	3,675	218	(2,179)
Fire and other damage to property	100	(496)	(85)	(31)
Third party liability	78	366	(101)	(110)
Other	21	908	(249)	(328)
<b>Direct total</b>	<b>289</b>	<b>4,001</b>	<b>(2,392)</b>	<b>(2,670)</b>
<b>Reinsurance business</b>	<b>52,126</b>	<b>(67,893)</b>	<b>(491)</b>	<b>15,264</b>
<b>Total</b>	<b>52,415</b>	<b>(63,892)</b>	<b>(2,883)</b>	<b>12,594</b>

All premiums are written in the United Kingdom.

**NOTES TO THE ACCOUNTS****For the year ended 31 December 2005****3 SYNDICATE OPERATING EXPENSES**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Administrative expenses	2,898	1,479
Commission / brokerage	1,128	(153)
Deferred acquisition costs	-	296
Exchange adjustment	(402)	161
	<u>3,624</u>	<u>1,783</u>

**4 INVESTMENT RETURN**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Income from investment	2,614	1,363
Realised gains less losses	(547)	(327)
Investment management fees	16	(59)
	<u>2,083</u>	<u>977</u>
Attributable to technical account	1,608	797
Attributable to non- technical account	475	180
	<u>2,083</u>	<u>977</u>

**ALLOCATION OF INVESTMENT RETURN**

Funds arising from insurance activities are kept in segregated accounts. All investment income earned on these accounts, net of costs and quota share, is allocated to the technical account.

**5 LOSS ON ORDINARY ACTIVITY**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
The loss on ordinary activities is stated after charging:		
Auditors' remuneration		
- Audit fees	<u>20</u>	<u>11</u>

**6 STAFF COSTS AND DIRECTORS' REMUNERATIONS**

There were no staff employed by the company other than the directors during the period. No directors' fees are paid (2004 - £nil). The average number of directors for the period was 4

**NOTES TO THE ACCOUNTS**

**For the year ended 31 December 2005**

**7 TAX ON LOSS ON ORDINARY ACTIVITIES**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
<b>(a) Analysis of tax credit in period</b>		
UK Current tax :		
UK corporation tax on profit of the period	290	(193)
Deferred tax :		
Current period	(718)	(324)
Tax on loss on ordinary activities	<u>(428)</u>	<u>(517)</u>

**Factors affecting tax credit for current period**

The tax charge for the period is lower than that resulting from applying the standard rate of corporation tax in the UK:30% (2004:30%)

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
The differences are explained below:		
Loss on ordinary activities before tax	<u>(1,899)</u>	<u>(1,617)</u>
Tax at 30% (2004:30%) thereon	(570)	(485)
<i>Effects of:</i>		
Overseas taxation	-	(32)
Foreign exchange adjustments	142	-
Adjustments relating to timing differences on taxable profits	718	324
Current tax credit for the period (see (a) above)	<u>290</u>	<u>(193)</u>

Group policy is that no payments are made between companies in respect of group relief claims.

**8 FINANCIAL INVESTMENTS**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
<b>Syndicate participation</b>		
Current value		
Investments listed on a recognised investment exchange	41,130	9,320
Other investments	<u>4,256</u>	<u>10,350</u>
	45,386	19,670
Debt securities and other fixed income securities	41,130	9,320
Deposits with credit institutions	<u>4,256</u>	<u>10,350</u>
	<u>45,386</u>	<u>19,670</u>



**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2005**

**9 OTHER DEBTORS - CORPORATE**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Deferred corporation tax provision	949	521
Other debtors	373	115
	<u>1,322</u>	<u>636</u>

**10 CASH AT BANK AND IN HAND**

The "Corporate undertaking" cash is held at Lloyd's to support its underwriting

**11 LOAN STOCK**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised</b>	<u>10,000</u>	<u>10,000</u>
<b>Issued and fully paid up</b>	<u>10,000</u>	<u>10,000</u>

The company received a loan of £10,000,000 on 31 December 2002 from Imagine Insurance Company Limited. In agreement with Imagine Insurance Company Limited, it created £10,000,000 of Unsecured Loan Stock. On 24 November 2003, at the request of Imagine Insurance Company Limited, the company issued fully paid loan notes of £9,000,000 and £1,000,000 to Imagine Insurance Company Limited and GMA Imagine Limited respectively.

On winding up, the company shall pay by way of interest to loan stock holders an amount equal to the investment income arising on the company's Funds at Lloyd's.

After the above mentioned payment and the payment in full of other creditors, the company shall repay to all loan stock holders a sum equal to the nominal amount of paid up loan stock held by them. This payment will rank ahead of any repayment on the ordinary share.

After payment to the holder of the ordinary share of an equal amount to its nominal amount paid up, the surplus of the assets shall be paid to the loan stock holders up to an amount equal to £10,000 on each £1 nominal loan stock. Any surplus over and above £10,000 per £1 nominal of Loan stock will be paid to the holder of the ordinary share.

In view of the equity nature of the loan stock it has been treated as capital in the balance sheet.

**12 CALLED UP SHARE CAPITAL**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Authorised		
1,000 authorised ordinary share of £1	<u>1</u>	<u>1</u>
Issued and fully paid up		
1,000 ordinary share of £1	<u>1</u>	<u>1</u>

**13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Opening shareholders' funds at 1 January 2005	9,956	11,056
Loss for the period	<u>(1,471)</u>	<u>(1,100)</u>
Closing shareholders' funds at 31 December 2005	<u>8,485</u>	<u>9,956</u>

**NOTES TO THE ACCOUNTS**

**For the year ended 31 December 2005**

**14 PROVISIONS FOR OTHER RISKS AND CHARGES**

	2005 £'000	2004 £'000
Deferred taxation on underwriting profit	<u>593</u>	<u>593</u>

There were no unprovided deferred taxation liabilities.

Deferred tax is in respect of short term timing differences for taxable profits.

**15 TECHNICAL PROVISIONS**

	Provision for unearned premiums £'000	Claims outstanding £'000	Total £'000
<b>Gross</b>			
At 1 January 2005	-	80,516	80,516
Exchange adjustments	-	5,241	5,241
Reinsurance to close received	-	-	-
Movement in provision	<u>1,535</u>	<u>(13,272)</u>	<u>(11,737)</u>
At 31 December 2005	<u>1,535</u>	<u>72,485</u>	<u>74,020</u>
<b>Reinsurers' share of technical provision</b>			
At 1 January 2005	-	(11,665)	(11,665)
Exchange adjustments	-	(411)	(411)
Reinsurance to close received	-	-	-
Movement in provision	<u>-</u>	<u>4,159</u>	<u>4,159</u>
At 31 December 2005	<u>-</u>	<u>(7,917)</u>	<u>(7,917)</u>
<b>Net technical provisions</b>			
At 31 December 2005	<u>1,535</u>	<u>64,568</u>	<u>66,103</u>
At 1 January 2005	<u>-</u>	<u>68,851</u>	<u>68,851</u>

**16 CREDITORS - CORPORATE**

	2005 £'000	2004 £'000
Amounts due to Imagine Insurance Company Limited	8,783	7,482
Other	<u>13</u>	<u>13</u>
	<u>8,796</u>	<u>7,495</u>

**17 RELATED PARTY TRANSACTIONS**

The sole shareholder of the company is Imagine Insurance Company Limited. Imagine Insurance Company Limited owns two thirds of GMA Imagine Limited which in turn owns all the share capital of Imagine Underwriting Limited. Imagine Underwriting Limited is the managing agent of Syndicate 994.

During 2004, the 2004 year of account of Syndicate 994 accepted the reinsurance to close of the 2000, 2001, and 2002 years of account on an arms length basis.

**18 PARENT UNDERTAKING**

The largest group in which the results of the company are consolidated is headed by Brookfield Asset Management Inc. The smallest group in which they are consolidated is that of Imagine Insurance Company Limited which is incorporated in Barbados. The consolidated accounts of these groups are available to the public and may be obtained from Brookfield Asset Management Inc, BCE Place, 181 Bay Street, Toronto, Ontario. M5J 2T3 Canada.