

**CBS Underwriting 2006 Limited**

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**Report and Financial Statements**

**CBS Underwriting 2006 Limited**

**Registered Number: 5609820**

**30 November 2006**

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## **CBS Underwriting 2006 Limited**

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## **Report of the Directors**

The directors present their report and financial statements for the period from incorporation on 2 November 2005 to 30 November 2006

## **Review of the Business and Future Developments**

The company was incorporated on 2 November 2005. The company's principal activity is that of a limited partner in Insurance Capital Partners LP which participates through ICP Capital Ltd, a corporate member of Lloyd's, underwriting at Lloyd's. The company is a wholly owned subsidiary of CBS Insurance Holdings PLC.

The company participated in the 2006 year of account which is likely to be profitable. It is anticipated that releases of underwriting profit in addition to interest on Funds at Lloyd's will be receivable in 2009.

## **Auditors**

A resolution to re-appoint KPMG Audit Plc as the company's auditors will be proposed at the Annual General Meeting.

## **Results and Dividends**

The result for the period and the state of the company's affairs as at 30 November 2006 are shown in the financial statements. The directors do not propose the payment of a dividend.

## **Directors**

The following have served as directors during the period from incorporation to the date of this report:

CAA Harbord-Hamond (appointed 21 February 2007)

AS Castell (appointed 2 November 2005, resigned 29 June 2007)

Mrs EL Royds (appointed 2 November 2005, resigned 30 June 2006)

AJ Sparrow (appointed 2 November 2005)

GJ White (appointed 2/11/05, resigned 27 October 2006)

AT Wood (appointed 2/11/05, resigned 19 July 2006)

Instant Companies Limited (appointed 2 November 2005, resigned 2 November 2005)

## **Directors' Interests**

No director has had an interest in the ordinary share capital of the company. The interests of AS Castell, Mrs EL Royds, AJ Sparrow and GJ White in CBS Insurance Holdings PLC are disclosed in the directors' report of that company of which they are also directors. The interest of AT Wood in the shares of CBS Insurance Holdings PLC is noted below:

	<b>Options in CBS Insurance Holdings PLC Shares at 1.1.2006 and at resignation</b>		<b>Sharesave scheme options in CBISH at 1.1.2006 and at resignation</b>	
AT Wood	186,430	186,430	19,852	19,852

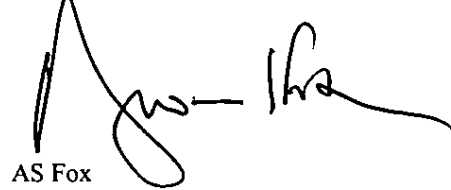
**Report of the Directors (continued)**

**Statement of disclosure of information to auditors**

The directors have taken all the necessary steps to make us aware, as directors, of any relevant audit information and to establish that the auditors are aware of that information

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'AS Fox', is written over the text 'BY ORDER OF THE BOARD'.

AS Fox  
Secretary  
Unit C25,  
Jack's Place  
6 Corbet Place  
London E1 6NN

21 November 2007

**Statement of Directors' Responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law 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 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 judgments 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 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 its financial statements comply with the Companies Act 1985. They have 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.

**Independent auditor's report to the members of CBS Underwriting 2006 Limited**

We have audited the financial statements of CBS Underwriting 2006 Limited for the period ended 30 November 2006 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.

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 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.

**Independent auditor's report to the members of CBS Underwriting 2006 Limited (continued)**

**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 30 November 2006 and of its profit for the period from 2 November 2005 to 30 November 2006,
- 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

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
8 Salisbury Square  
London  
EC4Y 8BB  
Registered Auditor

21 November 2007

## CBS Underwriting 2006 Limited

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### Profit and Loss Account for the period from 2 November 2005 to 30 November 2006

	Note	Period to 30.11.06 £
Turnover		-
Administrative expenses		(9,200)
Operating loss		(9,200)
Other income		22,549
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	13,349
Taxation on profit on ordinary activities	4	(5,055)
PROFIT FOR THE PERIOD AFTER TAXATION		8,294
RETAINED PROFIT FOR THE PERIOD	8	8,294

All of the company's activities are in respect of continuing operations



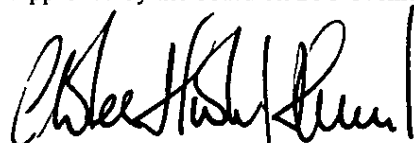
**CBS Underwriting 2006 Limited**

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**Balance Sheet as at 30 November 2006**

	<b>Note</b>	<b>30 11.06</b> <b>£</b>
<b>CURRENT ASSETS</b>		
Debtors	5	<u>583,652</u>
		583,652
 <b>CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	 6	 (525,358)
 <b>NET CURRENT ASSETS</b>		 <u>58,294</u>
 <b>CAPITAL AND RESERVES</b>		
Called up share capital	7	50,000
Profit and loss account	8	8,294
 <b>SHAREHOLDERS' FUNDS</b>	 9	 <u>58,294</u>

Approved by the board on 21 November 2007 and signed on its behalf by



CAA Harbord-Hamond  
Director

Notes to the Financial Statements for the period ended 30 November 2006

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) The company does not have any turnover
- c) Investment income is dealt with on an accruals basis
- d) Other income and expenses are dealt with on an accruals basis Other income reflects interest receivable on the debt due from ICP Capital Partners LP
- e) The company has the exemption from the related party disclosure requirements given in Financial Reporting Standard 8 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 11
- f) 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
- g) The charge for taxation is based on the profit for the period 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. Profit on Ordinary Activities before Taxation

Profit is stated after charging

	Period to 30.11.06 £
Auditor's remuneration - audit fee	4,700
- non audit services	1,000
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3. Directors' Emoluments

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

## CBS Underwriting 2006 Limited

### Notes to the Financial Statements for the period ended 30 November 2006 (continued)

#### 4. Taxation

	Period to 30.11.06 £
i) Analysis of tax charge in the period	
UK Corporation tax at 30%	(5,055)
	<u>(5,055)</u>
ii) Factors affecting tax charge for the period	
Profit on ordinary activities before tax	13,349
Tax charge at 30%	(4,005)
Effects of Disallowed expenses	(1,050)
Total current tax	<u>(5,005)</u>

#### 5. Debtors

	30.11.06 £
Other debtors	583,652
	<u>583,652</u>

An amount of £572,500 was due from Insurance Capital Partners LP

#### 6. Creditors

	30.11.06 £
Amounts owed to group undertakings	502,803
Corporation tax	5,055
Accruals & deferred income	3,500
Other creditors	14,000
	<u>525,358</u>

#### 7. Share Capital

	30.11.06 £
Authorised 50,000 Ordinary shares of £1 each	50,000
	<u>50,000</u>
	2006 £
Issued and fully paid 50,000 ordinary shares of £1 each	50,000
	<u>50,000</u>

Notes to the Financial Statements for the period ended 30 November 2006 (continued)

7 Share Capital (continued)

On incorporation the company was incorporated with an authorised share capital of £1,000 which was divided into 1,000 shares of £1 each. One share was issued to CBS Insurance Holdings PLC. On 29 November 2005 the authorised share capital was increased to 50,000 ordinary shares of £1 each and 49,999 were issued to CBS Insurance Holdings PLC at par.

8. Reserves

	Profit & Loss Account £
Profit for the period	8,294
At 30 November 2006	<u>8,294</u>

9 Reconciliation of Movements in Shareholders' Funds

	30.11.06 £
On incorporation	1
Ordinary shares issued	49,999
Profit for the period	8,294
Closing Shareholders' Funds	<u>58,294</u>

The total of shareholder's funds comprises

	30.11.06 £
Equity Interest	<u>58,294</u>

10. Post Balance Sheet Events

- (a) On 3 April 2007 an Extraordinary General Meeting of the company approved increases in authorised share capital to £100,000 divided into 50,000 ordinary shares of £1 each and 50,000 non-voting redeemable preference shares of £1 each.

The Directors approved on that date the issue of 18,000 non-voting redeemable preference shares of £1 each.

The redeemable preference shares were issued on 3 April 2007 in exchange for loans made to the company. They carry the right to a share of the underwriting profit on the 2006 underwriting year of account. On winding up the shares carry the right to any arrears of the share of underwriting profit in front of a distribution to ordinary shareholders. The shares are redeemable at par and confer no right to attend or vote at general meetings.

- (b) During 2007 the loan to Insurance Capital Partners LP has been reduced to £18,000.

**Notes to the Financial Statements for the period ended 30 November 2006 (continued)**

**11. 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 Unit C25, Jack's Place, 6 Corbet Place, London E1 6NN.