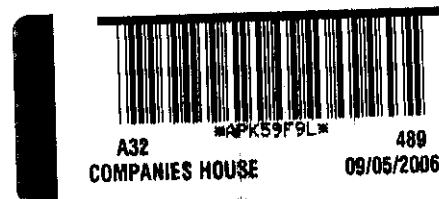


**Ecclesiastical Underwriting Management Limited**  
**Report and Accounts**  
**31 December 2005**

Company registration number : 2368571



# **Ecclesiastical Underwriting Management Limited**

## **Report and Accounts 31 December 2005**

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# **Ecclesiastical Underwriting Management Limited**

## **Officers and Professional Advisers**

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**Directors** G. V. Doswell FCII *Chairman*  
K. P. Cannon FCII  
G. A. Prescott BA, FCA

**Company Secretary** Mrs R. J. Hall ACIS

**Auditors** Deloitte & Touche LLP,  
London

**Bankers** National Westminster Bank Plc

**Solicitors** Speechly Bircham

**Registered Office** Beaufort House,  
Brunswick Road,  
Gloucester,  
GL1 1JZ

# **Ecclesiastical Underwriting Management Limited**

## **Directors' Report**

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

### **Principal activity**

The principal activity of the company is the provision of underwriting management and ancillary services.

### **Results and review**

The results of the company for the year are shown on page 6 and the position at the year end is shown on the balance sheet on page 7.

The level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

### **Dividend**

The directors do not recommend the payment of a dividend for the year ended 31 December 2005 (2004: £nil).

### **Future prospects**

The directors consider that the company is well placed to perform satisfactorily in the future.

### **Directors**

The directors of the company at the date of this report, and who served throughout the year, are stated on page 2.

### **Directors' interests**

The interests of the directors, all of which are beneficial, in the 8.625% Non-Cumulative Irredeemable Preference shares of £1 each of Ecclesiastical Insurance Office plc, a subsidiary of the company's parent company, are as follows:

	<b>Interest at 31.12.2005 No.</b>	<b>Interest at 1.1.2005 No.</b>
G. V. Doswell	<b>3,000</b>	3,000
K. P. Cannon	-	-
G. A. Prescott	-	-

No director had a beneficial interest in any other shares or debentures of the group. There has been no change in these interests since the end of the financial year to the date of this report. No contract of any significance subsisted during or at the end of the financial year in which a director was or is materially interested.

# **Ecclesiastical Underwriting Management Limited**

## **Directors' Report**

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

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the directors to prepare such 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 and comply with UK GAAP and the Companies Act 1985. 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which complies with the requirements of the Companies Act 1985.

### **Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Deloitte & Touche LLP be re-appointed as auditors of the company will be put to the annual general meeting.

By order of the board



Mrs R. J. Hall  
*Secretary*  
24 April 2006

# **Ecclesiastical Underwriting Management Limited**

## **Independent Auditors' Report**

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### **Independent auditors' report to the members of Ecclesiastical Underwriting Management Limited**

We have audited the financial statements of Ecclesiastical Underwriting Management Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. 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, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant framework 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 other information contained in the annual report for the year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

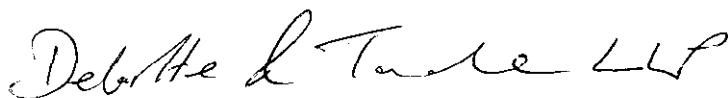
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

*Chartered Accountants and Registered Auditors*

London

United Kingdom

18 April 2006

# **Ecclesiastical Underwriting Management Limited**

## **Financial Statements**

### **PROFIT AND LOSS ACCOUNT**

for the year ended 31 December 2005

	Notes	2005 £	2004 £
<b>Continuing operations</b>			
Turnover	2	1,139,269	873,665
Administrative expenses		<u>(1,139,269)</u>	<u>(873,665)</u>
<b>Result on ordinary activities before interest</b>		-	-
Interest receivable		<u>40,015</u>	<u>25,803</u>
<b>Profit on ordinary activities before taxation</b>		40,015	25,803
Tax on profit on ordinary activities	6	<u>(23,673)</u>	<u>(16,951)</u>
<b>Profit for the financial year</b>	9	<u>16,342</u>	<u>8,852</u>

The company had no recognised gains or losses during the current financial year and preceding financial year other than those included in the profit and loss account. Accordingly no statement of total recognised gains and losses has been presented.

# Ecclesiastical Underwriting Management Limited

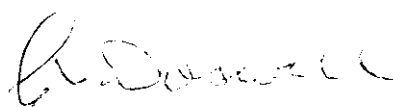
## Financial Statements

### BALANCE SHEET

at 31 December 2005

	Notes	2005 £	2004 £
<b>Current assets</b>			
Trade debtors		799,628	2,894,598
Prepayments and accrued income		58,573	-
Cash at bank and in hand		<u>1,762,924</u>	<u>1,039,850</u>
		<u>2,621,125</u>	<u>3,934,448</u>
<b>Creditors: amounts falling due within one year</b>			
Trade creditors		1,016,135	1,672,850
Amounts due to group undertakings		843,810	1,518,698
Other creditors including taxation	7	<u>33,961</u>	<u>32,023</u>
		<u>1,893,906</u>	<u>3,223,571</u>
<b>Net current assets</b>		<u>727,219</u>	<u>710,877</u>
<b>Capital and reserves</b>			
Called up share capital	8	500,000	500,000
Profit and loss account	8	<u>227,219</u>	<u>210,877</u>
<b>Total equity shareholders' funds</b>	9	<u>727,219</u>	<u>710,877</u>

The financial statements on pages 6 to 10 were approved by the board of directors on 24 April 2006 and signed on their behalf by

  
G. V. DOSWELL Director



# **Ecclesiastical Underwriting Management Limited**

## **Notes to the Financial Statements**

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### **1 Accounting policies**

(a) The financial statements of the company are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

(b) The company is a wholly owned subsidiary of Ecclesiastical Insurance Group plc, and has taken advantage of the provisions of Financial Reporting Standard 1 (revised). Accordingly there is no cash flow statement in these financial statements.

(c) Assets and liabilities in overseas currencies are translated at the rate of exchange ruling at the balance sheet date. Revenue in overseas currencies is stated at the rate ruling on the balance sheet date or, where appropriate, at the actual rate obtained on exchanging each currency remittance for sterling. Resultant gains or losses are included in balances owed to parent and fellow subsidiary undertakings.

(d) Pension costs represent contributions to a group defined benefit scheme. In accordance with FRS 17, *Retirement Benefits*, these contributions are accounted for as defined contribution scheme contributions, as the employer cannot identify the company's share of the underlying assets and liabilities of the defined benefit scheme.

(e) The company acts as an agent in providing underwriting management services and, as such, generally is not liable as principal for amounts arising from such transactions. Notwithstanding this, debtors and creditors arising from such transactions are shown as assets and liabilities. Debit and credit balances are reported as separate assets or liabilities unless there is a legal right of offset.

### **2 Turnover**

Turnover represents the UK revenue receivable by the company for underwriting and administrative services.

### **3 Employee information**

The average number of employees during the year was 5 (2004: 5). Staff costs during the year amounted to:

	2005	2004
	£	£
Wages and salaries	377,033	315,913
Social security costs	43,390	35,917
Pension costs	36,174	33,617
	<u>456,597</u>	<u>385,447</u>

Pension liabilities are dealt with by payment to the Ecclesiastical Insurance Office plc Staff Retirement Benefit Fund in accordance with group policy. The group operates a defined benefit scheme the details of which are disclosed in the accounts of Ecclesiastical Insurance Office plc. At 31 December 2005 there was a surplus in the scheme. In accordance with the actuary's recommendation, the employer's contribution rate has been increased to 22%. The employer cannot, however, identify the company's share of the underlying assets and liabilities.

### **4 Directors' emoluments**

Mr K. P. Cannon received emoluments from the company amounting to £267,813 (2004: £200,651) including pension contributions of £18,336 (2004: £16,200). He was a member of the group's defined benefits pension scheme during the current and prior year.

Messrs Doswell and Prescott, who were employed by Ecclesiastical Insurance Office plc, a subsidiary of the company's immediate parent company, received emoluments from that company in the current and prior year. It is not practicable to allocate their remuneration between the companies of which they are a director. They were members of the group's defined benefits pension scheme during the current and prior year.

# Ecclesiastical Underwriting Management Limited

## Notes to the Financial Statements

### 5 Auditors' remuneration

The remuneration of the auditors amounted to £2,100 (2004: £2,000) in respect of audit work.

### 6 Taxation

The charge for taxation in the company's profit and loss account is in respect of UK corporation tax for the current year.

	2005 £	2004 £
Corporation tax charge	26,000	19,356
Adjustments to tax charge in respect of prior periods	(2,327)	(2,405)
Total actual amount of current tax	<u>23,673</u>	<u>16,951</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2004: 30%). The actual tax charge for the current and the previous year exceeds the standard rate for the reasons set out in the following reconciliation:

	2005 £	2004 £
Profit on ordinary activities before tax	40,015	25,803
Tax on profit on ordinary activities at standard rate	12,005	7,741
Factors affecting charge for the period:		
Capital allowances for the period in excess of depreciation	(2,045)	(2,727)
Expenses not deductible for tax purposes	16,040	14,342
Adjustments to tax charge in respect of prior periods	(2,327)	(2,405)
Total actual amount of current tax	<u>23,673</u>	<u>16,951</u>

### 7 Creditors

	2005 £	2004 £
Corporation tax	26,000	19,356
Other creditors	7,961	12,667
	<u>33,961</u>	<u>32,023</u>

### 8 Share capital and reserves

	2005 £	2004 £
Share capital:		
Authorised, allotted, issued and fully paid		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Profit and loss account:		
Balance 1 January	210,877	202,025
Profit for the financial year	16,342	8,852
Balance 31 December	<u>227,219</u>	<u>210,877</u>

# **Ecclesiastical Underwriting Management Limited**

## **Notes to the Financial Statements**

<b>9 Reconciliation of movements in shareholders' funds</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	<b>16,342</b>	8,852
Opening shareholders' funds	<b>710,877</b>	702,025
Closing shareholders' funds	<b>727,219</b>	710,877

### **10 Capital commitments**

The company had no capital commitments at 31 December 2005 (2004: £nil).

### **11 Ultimate parent company and controlling party**

The company is a wholly owned subsidiary of Ecclesiastical Insurance Group plc. Its ultimate parent company and controlling party is Allchurches Trust Limited. The parent companies of the smallest and largest groups for which group accounts are drawn up are Ecclesiastical Insurance Group plc and Allchurches Trust Limited. Both companies are incorporated and operate in Great Britain.

Copies of the group accounts for both companies are available from the registered office of the company as shown on page 2.

### **12 Related party transactions**

In accordance with the exemption available under Financial Reporting Standard 8 'Related Party Disclosures', no disclosure is given of transactions with group companies, 90% or more of whose shares are held within the group.