

**Ecclesiastical Underwriting Management Limited**  
**Report and Accounts**  
**31 December 2003**

Company registration number : 2368571



## Report and Accounts 31 December 2003

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## Officers and Professional Advisers

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<b>Directors</b>	G. V. Doswell <i>Chairman</i> K. P. Cannon G. A. Prescott
<b>Company Secretary</b>	Mrs R. J. Hall
<b>Auditors</b>	Deloitte & Touche LLP, London
<b>Bankers</b>	National Westminster Bank Plc
<b>Solicitors</b>	Speechly Bircham
<b>Registered Office</b>	Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

## Directors' Report

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The directors present their annual report and audited financial statements for the year ended 31 December 2003.

### 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 2003 (2002:£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 2.8% First Cumulative Preference shares of £1 each in Ecclesiastical Insurance Office plc, a subsidiary of the company's immediate parent company are as follows:

	Interest at 31.12.2003	Interest at 1.1.2003
	No.	No.
G. V. Doswell	500	500
K. P. Cannon	-	-
G. A. Prescott	1,000	1,000

No director had an 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.

### Statement of directors' responsibilities

United Kingdom 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 as at the end of the financial year and of its profit or loss for that period.

In preparing those financial statements, the directors are required to select suitable accounting policies and apply them consistently, and make reasonable and prudent judgements and estimates. The directors are also required to state whether applicable United Kingdom accounting standards have been followed and whether the financial statements have been prepared on the going concern basis.

The directors are responsible for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy, at all times, the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the company's system of internal controls, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Directors' Report

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### Auditors

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 4 September 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

By order of the board



Mrs R. J. Hall  
*Secretary*

21 April 2004

## 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 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. 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. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 for the above year 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 United Kingdom 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors

London  
15/2004

## Financial Statements

### PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2003

	Notes	2003 £	2002 £
<b>Continuing operations</b>			
Turnover	2	856,934	795,669
Administrative expenses		(856,934)	(795,669)
<b>Result on ordinary activities before interest</b>		-	-
Other interest receivable		26,789	25,739
<b>Profit on ordinary activities before taxation</b>		26,789	25,739
Tax on profit on ordinary activities	6	(12,994)	(12,700)
<b>Retained profit for the financial year</b>	8	13,795	13,039

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.

## Financial Statements

### BALANCE SHEET

at 31 December 2003

	Notes	2003 £	2002 £
<b>Current assets</b>			
Trade debtors		3,181,099	1,586,357
Prepayments and accrued income		9,523	52,605
Cash at bank and in hand		7,924,123	848,591
		<u>11,114,745</u>	<u>2,487,553</u>
<b>Creditors: amounts falling due within one year</b>			
Trade creditors		1,781,059	5,457
Amounts owed to group undertakings		8,613,705	1,776,239
Other creditors including taxation		17,956	17,627
		<u>10,412,720</u>	<u>1,799,323</u>
<b>Net current assets</b>		<u>702,025</u>	<u>688,230</u>
<b>Capital and reserves</b>			
Called up share capital	7	500,000	500,000
Profit and loss account	7	202,025	188,230
<b>Total equity shareholders' funds</b>	8	<u>702,025</u>	<u>688,230</u>

The financial statements on pages 6 to 10 were approved by the board of directors on 21 April 2004 and signed on their behalf by

  
G.V. DOSWELL Director



## Notes to the Accounts

### 1 Accounting policies

- (a) The accounts 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 are charged so as to spread the long term cost over the expected service lives of employees.
- (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 6 (2002:6). Staff costs during the year amounted to:

	2003 £	2002 £
Wages and salaries	305,439	268,903
Social security costs	31,918	25,454
Pension costs	38,294	36,437
	<u>375,651</u>	<u>330,794</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 2003 there was a surplus in the scheme and, in accordance with the actuary's recommendation, the employer's contribution rate remains unchanged. 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 £168,750 (2002:£148,257) including pension contributions of £15,744 (2002:£15,480). He was a member of the group's defined pension benefit 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 pension benefit scheme during the current and prior year.

### 5 Auditors' remuneration

The remuneration of the auditors amounted to £2,000 (2002:£2,350) in respect of audit work.

## Notes to the Accounts

### 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.

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2002:30%). The actual tax charge for the current and the previous year exceeds the standard rate for the reasons set out in the following reconciliation.

	2003 £	2002 £
Profit on ordinary activities before tax	26,789	25,739
Tax on profit on ordinary activities at standard rate	8,037	7,722
<i>Factors affecting charge for the period:</i>		
Capital allowances for the period in excess of depreciation	(2,440)	(3,244)
Expenses not deductible for tax purposes	9,301	8,222
Adjustments to tax charge in respect of prior periods	(1,904)	-
Total actual amount of current tax	12,994	12,700

### 7 Share capital and reserves

	2003 £	2002 £
<i>Share capital</i>		
Authorised, allotted, issued and fully paid 500,000 Ordinary shares of £1 each	500,000	500,000
<i>Profit and loss account</i>		
Balance 1 January	188,230	175,191
Retained profit for the financial year	13,795	13,039
Balance 31 December	202,025	188,230

### 8 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the financial year	13,795	13,039
Opening shareholders' funds	688,230	675,191
Closing shareholders' funds	702,025	688,230

### 9 Capital commitments

The company had no capital commitments at 31 December 2003 (2002:£nil).

### 10 Parent company

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.

## Notes to the Accounts

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### 11 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.