

# **THE NORTHERN MARITIME INSURANCE COMPANY LIMITED**

## **Report and Accounts**

**for the year ended 31st December 1999**



# **The Northern Maritime Insurance Company Limited**

## **Contents**

<b>Contents</b>	<b>Page</b>
Directors	2
Directors' report	3
Statement of directors' responsibilities and auditors' report	4
Accounting policies	5
Profit and loss account : Non Technical Account	6
Balance sheet	7
Notes on the accounts	8-9

**The Northern Maritime Insurance Company Limited**

**Directors**

**Directors**

P. Spencer

K.J. Powell

**Secretary**

J.H.Berg

**Registered office**

St. Mark's Court, Chart Way, Horsham, West Sussex, RH12 1XL

# The Northern Maritime Insurance Company Limited

## Directors' report

for the year ended 31st December, 1999

### Activities

The Company held a share in an investment pool during the year.

### Result

The result for the year is shown on page 6. The directors do not recommend the payment of a dividend (1998 £nil).

### Year 2000

The company recognised the importance of the Year 2000 issue and the potential impact it could have on the business. This continues to be managed for all companies within the Royal & Sun Alliance Group through Year 2000 project teams who have looked at IT systems, embedded systems and the reliance that could be placed on external suppliers.

Plans for ensuring systems and processes were fully compliant were completed around mid year 1999 and business interruption and contingency plans were in place at the year end. As a result of this work, the 1999 year end change has taken place without any major Year 2000 problems being identified and all minor issues identified to date have been resolved without affecting our ability to transact business. The company will continue to monitor the situation with regard to Year 2000. The total incremental costs incurred on Year 2000 will be borne by the parent company.

### Euro currency

The impact the introduction of the Euro has had on the company is minimal. However system and product changes required to achieve Euro capability by 1<sup>st</sup> January 1999 were successfully implemented and work to change over to the Euro by 2002 remains on target. The incremental costs of the current Euro projects, including future costs, will be borne by the Parent Company. Plans are also being developed to address the possible extended scope of the Euro, including the UK's potential entry.

### Directors

P.Spencer and K.J. Powell have served throughout the year.

J. Sidwell served until he resigned 14<sup>th</sup> November 1999.

The interests of the directors in the ordinary shares in Royal & Sun Alliance Insurance Group plc are as follows:

	Ordinary shares <sup>1</sup> held at 1 January 1999 or on appointment	Ordinary shares acquired	Ordinary shares disposed	Reduction in number of ordinary shares as a result of share consolidation <sup>2</sup>	Ordinary shares <sup>3</sup> held at 31 December 1999
K.J. Powell	-	-	-	-	-

1 Ordinary shares of 25p or, if appointed after 14 May 1999, ordinary shares of 27.5p each (see note 2)

2 On 14 May 1999, every 11 ordinary shares of 25p each in the capital of the Company were consolidated into 10 new ordinary shares of 27.5p each.

3 Ordinary shares of 27.5p each.

In addition to the interests shown above, the directors had a beneficial interest, as at 31 December 1999, in 6,500,000 shares of 27.5p each in Royal & Sun Alliance Insurance Group plc held in the Royal & Sun Alliance ESOP Trust and all the directors had a beneficial interest as at 31 December 1999, in 200,000 shares of 27.5p each in Royal & Sun Alliance Insurance Group plc held in the Royal & Sun Alliance ESOP Trust No. 2. All employees of the Group have a beneficial interest in the shares held in these trusts with the exception of the executive directors of Royal & Sun Alliance Insurance Group plc who are excluded from the beneficiaries of the Royal & Sun Alliance ESOP Trust.

	Held at 1st January 1999 or on appointment	Options to subscribe for shares During 1999 Granted	Exercised	Held at 31st December 1999
K.J. Powell	26,720	11,568	-	38,288

By order of the directors

J.H. Berg

Secretary 23rd May 2000

**The Northern Maritime Insurance Company Limited**  
**Statement of Directors' Responsibilities and Auditors' Report**

**Directors' responsibilities**

The directors are required by UK company law 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 the profit or loss of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31st December 1999. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors have responsibility for ensuring that the Company keeps proper accounting records. The directors 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.

**Auditors' report to the members of Northern Maritime Insurance Company Limited**

We have audited the financial statements on pages 5 to 9 which have been prepared in accordance with the accounting policies set out on page 5.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described above, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

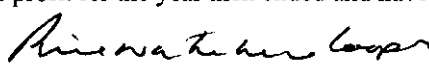
**Basis of audit opinion**

We conducted our audit in accordance with 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 at 31st December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**PricewaterhouseCoopers**  
Chartered Accountants and Registered Auditors  
London, 23 May 2000

**1** The financial statements are prepared in accordance with applicable UK accounting standards and the Statement of Recommended Practice (SORP) issued by the Association of British Insurers in December 1998.

**2 Investment return**

Income from investments is included in the profit and loss account on an accruals basis. Realised and unrealised gains and losses are dealt with in the non-technical account. Realised gains and losses represent the net sale proceeds less the purchase price.

**3 Taxation**

Taxation in the non-technical account is based on profits and income for the year as determined in accordance with the relevant tax legislation, together with adjustments to provisions for prior years.

Deferred taxation is calculated on the liability method and consists of the estimated taxation, or relief from taxation, which is expected to arise in the foreseeable future from material timing differences using expected future rates of tax where applicable. Credit is taken for relief for trading losses only to the extent that the directors anticipate that profits will absorb such losses in the foreseeable future.

**4 Investments**

Investments are shown at market value. For listed securities the stock exchange values are used.

# The Northern Maritime Insurance Company Limited

## Profit and Loss Account for the year ended 31st December 1999

### Non-technical account

	Notes	1999 £000	1998 £000
Investment income	1	28	1
Realised losses on investments		(12)	-
Unrealised losses on investments		(9)	(9)
<b>Profit/(Loss) on ordinary activities before taxation</b>		<b>7</b>	<b>(8)</b>
Taxation on profit on ordinary activities	2	-	-
<b>Profit/(Loss) on ordinary activities after taxation</b>		<b>7</b>	<b>(8)</b>

There have been no recognised gains or losses in either reporting year other than those recorded in the profit and loss account and accordingly a Movement in Capital and Reserves and Recognised Gains Statement is not prepared.

The notes on pages 8 to 9 form part of these accounts

### Reconciliation of movements in shareholder funds

	Notes	1999 £000	1998 £000
Shareholder funds at 1st January		1,182	1,190
Recognised gains (losses)		7	(8)
<b>Shareholder funds at 31st December</b>		<b>1,189</b>	<b>1,182</b>

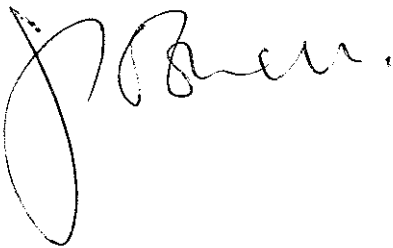
# The Northern Maritime Insurance Company Limited

## Balance sheet as at 31<sup>st</sup> December 1999

	Notes	1999 £000	1998 £000
<b>Assets</b>			
<b>Investments</b>			
Investment pool	4	301	290
Due from parent company		880	880
Accrued interest and rent		8	12
<b>Total assets</b>		<b>1,189</b>	<b>1,182</b>
<b>Liabilities</b>			
<b>Capital and reserves</b>			
Called up share capital	5	30	30
Profit and loss account	3	1,159	1,152
<b>Equity shareholder funds</b>		<b>1,189</b>	<b>1,182</b>

The accounts on pages 5 to 9 were approved by the directors on 23 May 2000 and were signed on their behalf by:

Director





# The Northern Maritime Company Limited

## Notes on the Accounts

1	Investment income	1999 £000	1998 £000
	Income from : Investment pool	28	1

## 2 Taxation

The charge/(credit) for the United Kingdom Corporation tax in the Profit and Loss comprises:

	1999 £000	1998 £000
UK Corporation Tax at 30.25% (1998 31%)	2	-
Over provision in respect of prior years	(2)	-
	-	-

## Deferred Tax

The potential liability for deferred taxation on unrealised appreciation of investments which is not expected to be payable in the foreseeable future and for which, therefore no provision has been made is estimated to amount to £nil (1998 £nil)

## 3 Reserves

	Profit and loss account 1999 £000	1998 £000
Balance at 1st January	1,152	1,160
Profit and loss account transfer	7	(8)
Balance at 31st December	1,159	1,152

## 4 Investments

### Other financial investments:

	1999 £000	1998 £000
Investment pool	301	290

The historical cost of investments is £319,000 (1998 £299,000)

## 5 Share capital

	1999 £000	1998 £000
Authorised 10,000 shares of £5 each	50	50
Issued and partly paid 10,000 shares of £3 each	30	30

## 6 Cash flow

The Company is a wholly owned subsidiary of Royal & Sun Alliance Insurance Group plc and the cash flows of the company are included in the consolidated cash flow statement of Royal & Sun Alliance Insurance Group plc. The Company has thus taken advantage of the exemption permitted by FRS 1 (revised) and has elected not to prepare its own cash flow statement.

**7 Directors' remuneration**

No emoluments were paid or are payable to the directors in respect of 1999 or 1998.

**8 Auditors' remuneration**

The costs of auditing the Company's accounts are borne by the parent company.

**9 Related party transactions**

Advantage has been taken of the exemption provided in FRS8 from disclosing details of transactions with Royal & Sun Alliance Insurance Group plc and its subsidiaries and associated undertakings.

**10 Parent companies**

The Company's immediate parent company is Sun Alliance and London Insurance plc which is registered in England and Wales.

The parent of the smallest group for which accounts including The Northern Maritime Company Limited are drawn up is Royal & Sun Alliance Insurance plc which is registered in England and Wales.

The Company's ultimate parent company is Royal & Sun Alliance Insurance Group plc which is registered in England and Wales. A copy of that company's accounts can be obtained from 30 Berkeley Square, London W1X 5HA.

**11 Employees and staff costs**

The staff are employed by Royal & Sun Alliance Insurance plc, and are members of a defined benefits pension scheme. Details are disclosed in the accounts of Royal & Sun Alliance Insurance plc.