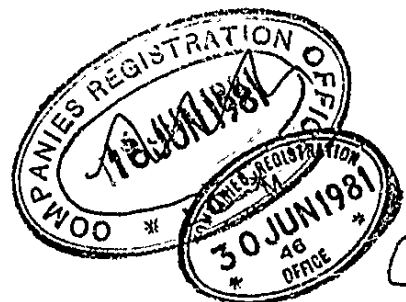


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**The
Northern Maritime
Insurance Company
Limited**

REPORT AND ACCOUNTS 1980



THE NORTHERN MARITIME INSURANCE COMPANY LIMITED

Registered Office

Phoenix House
4-5 King William Street
London
EC4P 4HR

Directors

R K Bishop FCII FCIS (Chairman)
A R Matanle FCII
D Town ACII
K Wilkinson FCII

Secretary

E R Wills FCII

Manager & Underwriter

D Town ACII

Auditors

Touche Ross & Co

Notice of meeting

The annual general meeting of the company will be held at Phoenix House, 4-5 King William Street, London, EC4P 4HR on Thursday 21st May 1981 at 11.15 am to receive and consider the directors' report and statement of accounts, to re-elect directors, to re-appoint the auditors and to authorise the directors to fix the auditors' remuneration.

A member of the company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the company.

By order of the Board

E R WILLS

Secretary

29th April 1981

Directors' report

The directors submit their report on the affairs of the company for the year ended 31st December 1980.

Principal activity

The principal activity of the company throughout the year was the transaction of insurance business.

Underwriting results

Net premiums amounted to £739,000. Claims settled in respect of all years were £872,000. After taking into account the transfer from profit and loss account of £117,000 the funds at 31st December 1980 amounted to £672,000.

Profit and loss account

Investment income amounted to £222,000. After a transfer of £161,000 from retained profits and reserves to profit and loss account, a repayment of £250,000, being part of the contribution from the holding company, has been made.

Directors

The directors whose names appear on page 2 were directors throughout 1980.

In accordance with the company's articles of association, Mr R K Bishop retires from office at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

Directors' share and debenture interests

As recorded in the register of directors' share and debenture interests, Mr D Town was interested in 490 shares of 25p each of Phoenix Assurance Company Limited at 1st January and 440 such shares at 31st December 1980. The interests of those directors who were also directors of Phoenix Assurance Company Limited are not required to be recorded in the register maintained by this company. There were no other interests recorded.

Auditors

Touche Ross & Co have indicated their willingness to be re-appointed auditors of the company at the forthcoming annual general meeting.

By order of the Board

E R WILLS

Secretary

24th March 1981

Auditors' report

to the members of THE NORTHERN MARITIME INSURANCE COMPANY LIMITED

We have audited the accounts and notes on pages 4 to 6 in accordance with approved auditing standards. In our opinion the accounts and notes comply with the provisions of the Companies Acts 1948 to 1980 applicable to insurance companies.

The accounts do not include the statement of source and application of funds as required by statement of standard accounting practice no. 10.

Chartered Accountants

14th April 1981

Marine insurance revenue account

for the year ended 31st December 1980

	1980	1979
	£'000	£'000
Funds at beginning of year	832	941
Exchange adjustment	(65)	(63)
	<u>767</u>	<u>878</u>
Premiums	739	819
	<u>1,506</u>	<u>1,697</u>
Claims paid	872	810
Expenses	79	73
Funds at end of year	<u>672</u>	<u>832</u>
	<u>1,623</u>	<u>1,715</u>
Loss transferred to profit and loss account	<u>117</u>	<u>18</u>

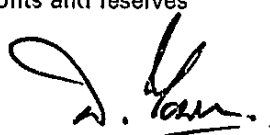
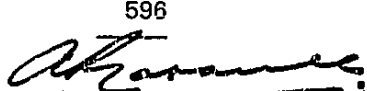

Profit and loss account

for the year ended 31st December 1980

	1980	1979
	£'000	£'000
Investment income	222	254
Insurance underwriting loss	117	18
	<u>105</u>	<u>236</u>
Expenses not charged to revenue account	3	2
	<u>102</u>	<u>234</u>
Profit before taxation	102	234
Taxation	2 13	127
	<u>89</u>	<u>107</u>
Profit after taxation	89	107
Transferred from retained profits and reserves	161	143
	<u>250</u>	<u>250</u>
Part repayment of contribution from holding company	250	250
	<u>—</u>	<u>—</u>

Balance sheet

as at 31st December 1980

	Note	£'000	1980 £'000	£'000	1979 £'000
Current assets:					
Interest accrued			41		40
Debtors			39		72
Due from holding company			15		132
			95		244
Investments	4		1,419		1,494
			1,514		1,738
Liabilities, other than outstanding claims:					
Creditors		—		41	
Due to holding company		246		—	
Due to fellow subsidiaries		—		108	
			246		149
			1,268		1,589
Insurance funds, including outstanding claims	5		672		832
Net assets			596		757
Representing:					
Share capital	6		30		30
Retained profits and reserves			566		727
			596		757
					Director
Director and Manager & Underwriter					Director

Accounting policies

Disclosure requirements

The company avails itself of certain of the exemptions from disclosure which are available to it as an insurance company under the Companies Acts and the accounts comply with the statements of standard accounting practice except to the extent that such compliance would override the exemptions.

Marine insurance underwriting result

The underwriting result is determined after a period of two years from the end of a year, after taking into account the amount required to run off the liabilities outstanding in relation to business attributable to that year. The transactions attributable to the current and immediately preceding years are included in the insurance funds.

Investments

Investments are stated at cost, less reserves. Profits and losses on the realisation of investments are dealt with, after appropriate adjustments for taxation, through inner reserve.

Deferred taxation

Provision is made for deferred taxation at the rate of corporation tax ruling at the balance sheet date.

Foreign currencies

Assets, liabilities and transactions in currencies other than sterling are converted into sterling in the main at rates of exchange ruling at the balance sheet date.

Profits and losses resulting from the revaluation of foreign currency assets and liabilities are transferred to inner reserve.

Appropriate adjustment is made in the revenue account to reflect changes in sterling equivalents of foreign currency liabilities included therein.

Notes to the accounts

1 Source and application of funds

A statement of source and application of funds is not included in the accounts as it is considered by the company that such a statement would be of no real value because of the application in the accounts of the exemptions relating to insurance companies contained in the Companies Acts 1948 to 1980.

2 Taxation

The provision for United Kingdom taxation includes amounts set aside to cover the liability for corporation tax at the rate of 52% (1979 52%) on all profits brought into account to 31st December 1980. The provision in relation to marine underwriting has been determined on a group basis.

The charge for taxation in the profit and loss account comprises:

	1980 £'000	1979 £'000
Corporation tax	6	112
Deferred taxation	—	(2)
Tax attributable to United Kingdom dividends	7	9
	<u>13</u>	<u>119</u>
Adjustments for previous years	—	8
	<u>13</u>	<u>127</u>

3 Deferred taxation

The provision made in the accounts for deferred taxation, included in the balance sheet under "Debtors", after deduction of tax payable, represents the full liability and is set out below.

	1980 £'000	1979 £'000
At beginning of year	21	23
Credit to profit and loss account on accrued income	—	(2)
At end of year	<u>21</u>	<u>21</u>

4 Investments

	1980 £'000	1979 £'000
Government, provincial and municipal securities	1,057	1,110
Other fixed interest securities	156	164
Variable interest securities	206	220
	<u>1,419</u>	<u>1,494</u>

The company has established for the security of policyholders in an overseas territory a trust, the assets of which have been provided by the holding company.

The total valuation of investments at market values at 31st December 1980 amounted to £1,725,000 (1979 £1,637,000). If the investments were realised at market value it is estimated that no tax liability would arise (1979 nil).

5 Insurance funds

Insurance funds include provisions and reserves as defined by the Companies Acts 1948 to 1980 and are considered to be sufficient to provide for all outstanding claims.

6 Share capital

	1980 £'000	1979 £'000
Authorised: 10,000 ordinary shares of £5 each	50	50
Issued: 10,000 ordinary shares, £3 paid	<u>30</u>	<u>30</u>

7 Auditors' remuneration

The remuneration of the auditors amounted to £1,235 (1979 £1,065).

8 Directors' emoluments

No directors' emoluments were paid or payable in 1980 or 1979.

9 Holding company

The company's ultimate holding company is Phoenix Assurance Company Limited, incorporated in Great Britain.