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THE NORTHERN MARITIME INSURANCE COMPANY LIMITED

REPORT AND ACCOUNTS 1985



The Northern Maritime Insurance Company Limited

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at No. 1, Bartholomew Lane, London, EC2 on Friday, 9th May, 1986 at 12.00 noon to transact the ordinary business of the Company.

By order of the directors

E.R.WILLS

Secretary

14th April, 1986

Note: A member entitled to attend and vote at the meeting may appoint a proxy to attend and, on a poll, to vote on his behalf. A proxy need not be a member of the Company.

The Northern Maritime Insurance Company Limited

Directors

G.Bowler, Chairman

R.A.G.Neville, V.R.D.

W.G.Niven

P.Quaile

D.Town

Secretary

E.R.Wills FCII

Registered office

1 Bartholomew Lane, London, EC2N 2AB

The Northern Maritime Insurance Company Limited

Directors' report

Activities

The principal activity of the Company is the transaction of Marine insurance business. The whole of the Company's net insurance business is reinsured with Phoenix Assurance plc.

Profit and dividend

The profit for the year after taxation amounted to £143,000. The directors recommend a dividend of £143,000 payable on 12th May, 1986.

Directors

Mr D.Town was a director throughout the year. Mr G.Bowler, Mr R.A.G.Neville, Mr W.G.Niven and Mr P.Quaile were appointed directors on 31st October, 1985. Mr R.K.Bishop and Mr K.Wilkinson were directors until they resigned on 31st October, 1985.

As recorded in the register of directors' share and debenture interests Mr D.Town was interested in £7,280 of 10% Unsecured Loan Notes 1987 of Sun Alliance and London Insurance plc on 1st January and on 31st December, 1985.

Interests of the directors who were also directors of Sun Alliance and London Insurance plc are not required to be recorded in the register maintained by this Company. There were no other interests recorded.

Auditors

In order to facilitate the integration of accounting and auditing arrangements within the Sun Alliance Insurance Group, Touche Ross & Co have resigned as auditors. Deloitte Haskins & Sells were appointed to fill the vacancy. Special notice has been received by the Company, pursuant to the Companies Act 1985, that a resolution will be submitted proposing their re-appointment at the forthcoming Annual General Meeting.

By order of the directors

E.R.WILLS

Secretary

27th March, 1986

Auditors' report

to the members of The Northern Maritime Insurance Company Limited

We have audited the accounts for the year ended 31st December, 1985 on pages 4 to 7 in accordance with approved Auditing Standards.

In our opinion the accounts comply with the provisions of the Companies Act 1985 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.

Deloitte Haskins Sells

2nd April 1986

Chartered Accountants

Northern Maritime Insurance Company Limited

Accounting policies

The principal accounting policies of the Company as set out below comply with U.K. statements of standard accounting practice to the extent that they are appropriate to insurance companies.

(a) Changes in accounting policies

The accounts for 1985 reflect certain changes in the Company's accounting policies as described in paragraph (e) below. Investments are now shown in the balance sheet at market values and realised investment profits and losses, previously dealt with through inner reserve, are disclosed in a statement of movements in reserves on page 5. The comparative figures for 1984 have been restated to reflect these changes.

(b) Exchange rates

Assets and liabilities in foreign currencies are translated into sterling at rates ruling at the year end. The resulting exchange adjustments are taken to revaluation reserve.

(c) Investment income

Interest and dividends on investments other than ordinary shares are included on an accruals basis. Investment income is grossed up to include related tax credits on dividend income and is shown after deduction of interest payable.

(d) Taxation

Taxation in the profit and loss account is based on the result for the year and includes deferred taxation on timing differences other than those considered likely to continue in the foreseeable future.

Provision for deferred taxation on the unrealised appreciation of investments is made only where realisations giving rise to a taxation liability are anticipated in the foreseeable future.

(e) Investments

Investments are stated in the balance sheet at market values, comprising stock exchange values for listed securities and directors' valuations for other investments. The excess of market values over book values of the investments is taken to revaluation reserve.

Profits and losses on the realisation of investments, less taxation, are taken to retained profits.

Previously investments were stated at values based on cost, less reserves; realised investment profits and losses were dealt with through inner reserve.

Northern Maritime Insurance Company Limited

Profit and loss account
for the year ended 31st December, 1985


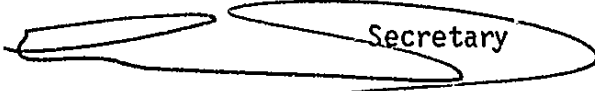
	Note	1985 £000	1984 £000
Investment income		234	229
Taxation	2	<u>91</u>	<u>93</u>
Profit after taxation		143	136
Proposed dividend		<u>143</u>	<u>136</u>
Net profit retained		<u>-</u>	<u>-</u>
Movements in reserves for the year ended 31st December, 1985			
Retained profits			
Balance at 1st January		560	560
As previously reported			
Realised investment profits previously dealt with in inner reserve (see accounting policy (a))		<u>397</u>	<u>300</u>
		957	860
As restated			
Realised investment profits less losses after taxation		<u>-</u>	<u>97</u>
Balance at 31st December		<u>957</u>	<u>957</u>
Revaluation reserve			
Balance at 1st January		394	417
Unrealised appreciation of investments		<u>34</u>	<u>(23)</u>
Balance at 31st December		<u>428</u>	<u>394</u>

Northern Maritime Insurance Company Limited

Balance sheet
at 31st December, 1985

	1985 £000	1984 £000
Share capital		
Authorised 100,000 shares of £5 each	50	50
Issued 10,000 shares £3 paid	30	30
Reserves		
Retained profits	957	957
Revaluation reserve	428	394
	<u>1,415</u>	<u>1,381</u>
Other liabilities including provisions		
Sundry creditors	36	54
Due to Holding Company	558	787
Proposed dividend	143	136
	<u>2,152</u>	<u>2,358</u>
Investments		
British Government and municipal securities	1,432	1,427
Preference stocks and shares	15	17
Debentures	174	169
Ordinary stocks and shares	469	443
Deposits at interest	-	230
	<u>2,090</u>	<u>2,286</u>
Current assets		
Sundry debtors	50	52
Due from other companies	12	20
	<u>2,152</u>	<u>2,358</u>

The accounts on pages 4 to 7 were approved by the directors on 27th March, 1986 and were signed on their behalf by:-


 R.A.G. North Director

 Secretary

Northern Maritime Insurance Company Limited

Notes on the accounts

1 Accounting and disclosure requirements

The Company, being an insurance company, is not required to comply with the accounting and disclosure provisions of Chapter I, Part VII of the Companies Act 1985. These accounts are drawn up in accordance with Chapter II of that Part of the Act.

2 Taxation

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

	1985 £000	1984 £000
United Kingdom taxation		
Corporation tax at appropriate rates	82	86
Tax attributable to U.K. dividend income	9	7
	<u>91</u>	<u>93</u>

U.K. corporation tax includes a deferred taxation credit of £3,000 (1984 £5,000).

No provision is made for the potential liability of deferred taxation of £145,000 (1984 £60,000) on unrealised appreciation of investments.

3 Investments

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.

4 Directors' emoluments

No remuneration was paid or is payable to the directors by the Company in 1985 and 1984, all the directors being directors or managers of the ultimate Holding Company.

5 Auditors' remuneration

The remuneration of the auditors of the Company amounted to £1,000 (1984 £1,242).

6 Ultimate Holding Company

The Company's ultimate Holding Company is Sun Alliance and London Insurance plc which is incorporated in Great Britain.