

# **THE NORTHERN MARITIME INSURANCE COMPANY LIMITED**

## **Report and Accounts**

**for the year ended 31st December 2000**



# **The Northern Maritime Insurance Company Limited**

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**The Northern Maritime Insurance Company Limited**

**Directors**

**Directors**

P. Spencer

K.J. Powell

**Secretary**

V. Jones

**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, 2000

### 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 (1999 £nil).

### 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. The directors did not have any interest in the shares of the Company. The interest in the shares of Royal & Sun Alliance Insurance Group plc for Mr. Spencer is disclosed in the financial statements of that Company.

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

	Ordinary shares <sup>1</sup> held at 1 January 2000 or on appointment	Ordinary shares acquired	Ordinary shares disposed	Ordinary shares held at 31 December 2000
K.J. Powell	-	-	-	-

1. Ordinary shares of 27.5p each.

In addition to the interests shown above, Mr Powell had a beneficial interest, as at 31 December 2000, in 11,609,879 shares of 27.5p each in Royal & Sun Alliance Insurance Group plc held in the Royal & Sun Alliance ESOP Trust and 697,200 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

	Options to subscribe for shares		
	Held at 1 January 2000 or on appointment	During 2000 Granted      Exercised	Held at 31 December 2000
K.J. Powell	38,288	15,229      -	53,517

By order of the directors



V. Jones  
Secretary

13 May 2001

**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 2000. 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 2000 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 2001

# **The Northern Maritime Insurance Company Limited**

## **Accounting Policies**

- 1** The financial statements are prepared in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice (SORP) issued by the Association of British Insurers in December 1998 and the provisions of section 255 of, and schedule 9A to, the Companies Act 1985.

The financial statements have been prepared under the historical cost accounting rules.

- 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 2000

### Non-technical account

	Notes	2000 £000	1999 £000
Investment income	1	27	28
Unrealised gains on investments		7	-
Realised losses on investments		(8)	(12)
Unrealised losses on investments		-	(9)
<b>Profit/(Loss) on ordinary activities before taxation</b>		<b>26</b>	<b>7</b>
Taxation on profit on ordinary activities	2	(8)	-
<b>Profit/(Loss) on ordinary activities after taxation</b>		<b>18</b>	<b>7</b>

All figures relate to continuing operations.

There have been no recognised gains or losses or other movements in shareholders' funds in either reporting year and accordingly no statement of total recognised gains and losses or movement in capital and reserves statement is not presented.

There is no material difference between the results for the current year and the previous year as described in the profit and loss account and the results on an unmodified historical cost basis. Accordingly, a note on the historical profits and losses for the year is not given.

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

### Reconciliation of movements in shareholder funds

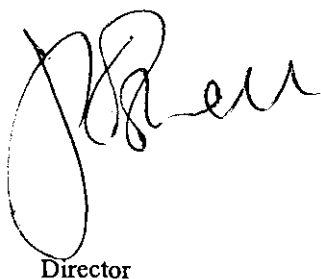
	Notes	2000 £000	1998 £000
Shareholder funds at 1st January		1,189	1,182
Recognised gains		18	7
<b>Shareholder funds at 31st December</b>		<b>1,207</b>	<b>1,189</b>

# The Northern Maritime Insurance Company Limited

## Balance sheet as at 31<sup>st</sup> December 2000

	Notes	2000 £000	1999 £000
<b>Assets</b>			
<b>Investments</b>			
Investment pool	4	327	301
Due from parent company		881	880
Accrued interest and rent		7	8
<b>Total assets</b>		<b>1,215</b>	<b>1,189</b>
<b>Liabilities</b>			
<b>Capital and reserves</b>			
Called up share capital	5	30	30
Profit and loss account	3	1,177	1,159
<b>Equity shareholder funds</b>		<b>1,207</b>	<b>1,189</b>
<b>Creditors</b>			
Other creditors including taxation and social security		8	-
		<b>1,215</b>	<b>1,189</b>

The accounts on pages 5 to 9 were approved by the directors on 23 May 2001 and were signed on their behalf by:



Director



# The Northern Maritime Company Limited

## Notes on the Accounts

1	Investment income	2000 £000	1999 £000
	Income from : Investment pool	27	28

## 2 Taxation

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

	2000 £000	1999 £000
UK Corporation Tax	8	2
Over provision in respect of prior years	-	(2)
	8	-

United Kingdom Corporation tax for the current year is based on a rate of 30% (1999 30.25%).

### 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 (1999 £nil).

3	Reserves	Profit and loss account 2000 £000	1999 £000
	Balance at 1st January	1,159	1,152
	Profit and loss account transfer	18	7
	Balance at 31st December	1,177	1,159

## 4 Investments

### Other financial investments:

Investment pool

2000 £000	1999 £000
327	301

The historical cost of investments is £339,000 (1999 £319,000).

5	Share capital	2000 £000	1999 £000
	Authorised 10,000 shares of £5 each	50	50
	Issued and partly paid 10,000 shares of £3 each	30	30

## 6 Capital commitments

The Company had no capital commitments at 31<sup>st</sup> December 2000 (1999 £nil).

## 7 Directors' remuneration

The directors did not receive any emoluments during the year (1999 £nil). They were employed by a fellow group undertaking and were remunerated by that undertaking for their services to the Group as a whole. It is not possible to apportion their remuneration in respect of the Company.

## **The Northern Maritime Company Limited**

### **Notes on the Accounts (Continued)**

#### **8 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.

#### **9 Contingent liabilities**

The Company had no material contingent liabilities as at 31<sup>st</sup> December 2000 (1999 nil).

#### **10 Auditors' remuneration**

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

#### **11 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.

#### **12 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.

#### **13 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 W1J 6EW.