

THE NORTHERN MARITIME INSURANCE COMPANY LIMITED

Report and Accounts

for the year ended 31 December 2002



The Northern Maritime Insurance Company Limited

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The Northern Maritime Insurance Company Limited

Directors

Directors

R O Hudson

Non-Destructive Testers Limited

Secretary

J E Fox

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 31 December 2002

Activities

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

Result

The result for the year is shown on page 7. The directors do not recommend the payment of a dividend (2001 £nil).

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 5 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the next general meeting at which accounts are laid.

Directors

R O Hudson was appointed as a director on 18 December 2002.

Non-Destructive Testers Limited was appointed as a director on 23 July 2002.

K J Powell served as a director until he resigned on 18 December 2002. P Spencer served as a director until he resigned on 31 March 2002. The directors did not have any interests in the shares of the Company. The interests in the shares of Royal & Sun Alliance Insurance Group plc for R O Hudson are disclosed in the financial statements of Royal & Sun Alliance Insurance plc.

By order of the directors

J E Fox
Secretary

21 March 2003

The Northern Maritime Insurance Company Limited

Statement of directors' responsibilities

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently, with the exception of changes arising on the adoption of new accounting standards in the year;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going-concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Northern Maritime Insurance Company Limited

Auditors' report

Independent auditors' report to the members of The Northern Maritime Insurance Company Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared in accordance with the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities, on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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.

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 affairs of the Company at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London *21 March* 2003

1, Accounting policies

- a) The Group financial statements have been prepared in accordance with the provisions of Section 255A of, and Schedule 9A to, the Companies Act 1985, and with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers ("the ABI SORP") dated December 1998. The balance sheet of the holding company has been prepared in accordance with Section 226 of, and Schedule 4 to, the Companies Act 1985.

The financial statements have been prepared in accordance with the applicable accounting standards. Compliance with the Statement of Standard Accounting Practice ("SSAP") 19, "Accounting for Investment Properties", requires departure from the requirements of the Companies Act 1985 relating to the depreciation and an explanation of the departure is given in the accounting policy I relating to investments below.

b) 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.

c) 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 provided in full and consists of the estimated taxation or relief from taxation which is expected to arise from material timing differences using rates based on tax rates and laws that have been substantively enacted by the balance sheet date. Credit is taken for relief for trading and other losses only to the extent that the directors anticipate that suitable profits will absorb such losses in the foreseeable future.

Deferred tax balances that derive from undiscounted cash flows and for which the impact of discounting is material have been discounted using appropriate rates.

d) Investments

Investments are shown at market value. For listed securities the London Stock Exchange values at balance sheet date are used.

The Northern Maritime Insurance Company Limited

Profit and loss account for the year ended 31 December 2002

Non-technical account

	Notes	2002 £000	2001 £000
Investment income	1	27	26
Unrealised gains on investments		15	-
Realised losses on investments		(14)	(5)
Unrealised losses on investments		-	(2)
Profit on ordinary activities before taxation		28	19
Taxation on profit on ordinary activities	2	(8)	(6)
Profit on ordinary activities after taxation		20	13

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 9 to 10 form part of these accounts.

Reconciliation of movements in shareholders' funds

	Notes	2002 £000	2001 £000
Shareholders' funds at 1 January		1,220	1,207
Recognised gains		20	13
Shareholders' funds at 31 December		1,240	1,220


The Northern Maritime Insurance Company Limited

Balance sheet as at 31 December 2002

	Notes	2002 £000	2001 £000
Assets			
Investments			
Investment pool	3	377	348
Due from parent company		867	873
Accrued interest and rent		4	5
Total assets		1,248	1,226
Liabilities			
Capital and reserves			
Called up share capital	4	30	30
Profit and loss account	5	1,210	1,190
Equity shareholders' funds		1,240	1,220
Creditors			
Other creditors including taxation and social security		8	6
		1,248	1,226

The notes on pages 9 to 10 form part of these accounts.

The accounts on pages 6 to 10 were approved today by the Board of directors and are signed on its behalf by:


Director
21 March 2003

The Northern Maritime Company Limited

Notes on the accounts

1	Investment income	2002	2001
		£000	£000
	Income from : Investment pool	<u>27</u>	<u>26</u>
2	Taxation		
	The charge for the United Kingdom corporation tax in the profit and loss comprises:		
		2002	2001
		£000	£000
	UK corporation tax	<u>8</u>	<u>6</u>
	United Kingdom corporation tax for the current year is based on a rate of 30% (2001 30%).		
3	Investments		
	Other financial investments:	2002	2001
		£000	£000
	Investment pool	<u>377</u>	<u>348</u>
	The historical cost of investments is £375,000 (2001 £362,000).		
	The composition of the investment pool is 97% British Government Stocks and 3% Current Accounts.		
4	Share capital	2002	2001
		£000	£000
	Authorised:		
	10,000 ordinary shares of £5 each	<u>50</u>	<u>50</u>
	Issued and partly paid:		
	10,000 ordinary shares of £3 each	<u>30</u>	<u>30</u>
5	Reserves	Profit and loss account	
		2002	2001
		£000	£000
	Balance at 1 January	<u>1,190</u>	<u>1,177</u>
	Profit and loss account transfer	<u>20</u>	<u>13</u>
	Balance at 31 December	<u>1,210</u>	<u>1,190</u>
6	Capital commitments		
	The Company had no capital commitments at 31 December 2002 (2001 £nil).		
7	Directors' remuneration		
	The directors did not receive any emoluments during the year (2001 £nil). They were employed by Royal & Sun Alliance Insurance plc and were remunerated by Royal & Sun Alliance Insurance plc 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

All the staff in the UK are employed by Royal & Sun Alliance Insurance plc and are members of either one of the defined benefit pension schemes or a defined contribution pension scheme, details of which are disclosed in the accounts of that company. Contributions are based on pension costs across the UK group as a whole.

9 Contingent liabilities

The Company had no material contingent liabilities as at 31 December 2002 (2001 £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 and controlling party is Royal & Sun Alliance Insurance Group plc which is registered in England and Wales, and is the parent undertaking of the largest group to consolidate these financial statements. A copy of that company's accounts can be obtained from 30 Berkeley Square, London W1J 6EW.