

THE WORLD MARINE & GENERAL INSURANCE PLC

Report and Accounts

30 June 2012

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COMPANIES HOUSE

## The World Marine & General Insurance PLC

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Registered No 42652

### **DIRECTORS**

A E Reynolds (Chairman)

M D Frost

G Wilby

### **SECRETARY**

Chiltington International Limited

### **AUDITORS**

KPMG Audit Plc

15 Canada Square

London E14 5GL

UK

### **REGISTERED OFFICE**

The Isis Building

193 Marsh Wall

London

E14 9SG

# The World Marine & General Insurance PLC

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## DIRECTORS' REPORT

The directors present their annual report and the accounts for the year ended 30 June 2012

### PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The company was authorised under the Insurance Companies Act 1982 to underwrite numerous classes of insurance business. The company ceased writing new business in 2001 and is concentrating on running off old claims in an orderly manner. The tenth year of run off has proceeded satisfactorily, with no material adverse claims movement and the directors see no reason why the eleventh year should not follow similarly.

### RESULTS AND FUTURE PROSPECTS

The loss for the year after taxation amounted to £125k (2011 loss £189k). No dividend was paid during the year (2011 £nil). The directors do not recommend the payment of a dividend. There have been few transactions in the year and the business is in line with expectations.

It is the intention of the directors to put proposals to the company's creditors to commence a solvent scheme of arrangement.

### DIRECTORS AND THEIR INTEREST

The current directors who also served during the year are listed on page 1.

### DIRECTORS' AND OFFICERS' PROTECTION

BHP Billiton has arranged appropriate insurance cover in respect of legal action against directors and senior managers of companies within the BHP Billiton group. In addition, the Articles of Association of the Company provide for the directors, officers and employees of the Company to be indemnified in respect of liabilities incurred as a result of their office.

### CREDITOR PAYMENT POLICY

It is the company's policy to settle non trade creditors within thirty days.

### RISK EXPOSURE

The company is exposed to financial risk, mainly through its financial assets and technical provisions. The key financial risk is that proceeds from financial assets are not sufficient to fund claims as they fall due. The most important components of these risks are, timing and valuation risk in relation to technical provisions, and interest rate, currency, credit and liquidity risk in relation to financial assets.

The company manages and monitors these risks by

- Appointing specialist claims handlers who perform the day-to-day monitoring of its insurance liabilities and reinsurance assets
- Regularly reviewing the credit worthiness of its re-insurers, monitoring overdue debts and reviewing ratings assigned to reinsurers by rating agencies
- Appointing external actuaries to establish adequacy of reserves
- Reviewing cash flow requirements to ensure its liquidity needs are met, monitoring net cashflow on a monthly basis
- Matching foreign currency liabilities with corresponding currency assets to minimise the impact of movements in foreign exchange rates
- Appointing investment managers with a view to ensuring adequate returns on investments and minimising the impact of movements in interest rates. Their performance is measured through monitoring the investment return against the company benchmark.

# The World Marine & General Insurance PLC

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## DIRECTORS' REPORT

### KEY PERFORMANCE INDICATORS

The company principally monitors three key performance indicators. These are

- The relationship of paid claims to the movement on technical provisions, which indicates the sufficiency of prior period reserves in respect of settled claims and claim expenses
- The rate of investment return achieved against base rate
- The level of net operating expenses against prior years

### STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### AUDITORS

KPMG Audit Plc is willing to continue in office and a resolution to re-appoint them as auditors will be put to the members at the Annual General Meeting

By order of the board



Chiltington International Limited  
Company Secretary

17 September 2012

## The World Marine & General Insurance PLC

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

## **THE WORLD MARINE & GENERAL INSURANCE PLC**

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### **INDEPENDENT AUDITORS' REPORT**

#### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLD MARINE AND GENERAL INSURANCE PLC**

We have audited the financial statements of World Marine and General Insurance Plc for the year ended 30 June 2012 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**THE WORLD MARINE & GENERAL INSURANCE PLC**  
**INDEPENDENT AUDITORS' REPORT**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**N. B. Priestley (Senior Statutory Auditor)**

**for and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants

15 Canada Square

London

E14 5GL

**28** September 2012

The World Marine & General Insurance PLC

PROFIT AND LOSS ACCOUNT

TECHNICAL ACCOUNT – GENERAL BUSINESS

for the year ended 30 June 2012

		2012	2011
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
<b>EARNED PREMIUMS, NET OF REINSURANCE</b>			
Gross premiums written	2	-	-
Outward reinsurance premiums	2	-	-
<b>EARNED PREMIUMS, NET OF REINSURANCE</b>	2	-	-
Allocated investment return transferred from the non-technical account	4	104	85
<b>CLAIMS INCURRED, NET OF REINSURANCE</b>			
Claims paid			
Gross amount		(108)	(168)
Reinsurers' share		11	34
Net claims paid		(97)	(134)
Change in the provision for claims			
Gross amount		129	48
Reinsurers' share		(126)	(73)
Change in the net provision for claims		3	(25)
<b>CLAIMS INCURRED, NET OF REINSURANCE</b>	2	(94)	(159)
Net operating expenses	3	(111)	(120)
<b>BALANCE ON THE TECHNICAL ACCOUNT FOR GENERAL BUSINESS</b>	2	(101)	(194)



## The World Marine & General Insurance PLC

### PROFIT AND LOSS ACCOUNT

#### NON-TECHNICAL ACCOUNT – GENERAL BUSINESS

for the year ended 30 June 2012

	<i>Notes</i>	<i>2012</i> £000	<i>2011</i> £000
Balance on the general business technical account	2	(101)	(194)
Investment income	4	104	85
Allocated investment return transferred to the general business technical account		(104)	(85)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	<b>(101)</b>	<b>(194)</b>
Tax on loss on ordinary activities	8	(24)	5
<b>LOSS FOR THE FINANCIAL YEAR</b>	13	<b>(125)</b>	<b>(189)</b>
<b>RETAINED PROFIT BROUGHT FORWARD</b>		<b>2,233</b>	<b>2,422</b>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<b>2,108</b>	<b>2,233</b>

There are no recognised gains or losses in either the year ended 30 June 2012 or the year ended 30 June 2011 other than those reflected in the profit and loss account for each year and therefore no separate statement of total recognised gains and losses has been presented. All amounts in the profit and loss account relate to continuing operations.

# The World Marine & General Insurance PLC

## BALANCE SHEET

at 30 June 2012

	<i>Notes</i>	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
<b>ASSETS</b>			
<b>INVESTMENTS</b>			
Other financial investments	9	9,134	9,167
<b>REINSURERS' SHARE OF TECHNICAL PROVISIONS</b>			
Claims outstanding		781	908
<b>DEBTORS</b>			
Debtors arising out of insurance operations	10	80	74
Other debtors	11	5,230	5,218
		5,310	5,292
<b>OTHER ASSETS</b>			
Cash at bank and in hand		97	180
<b>PREPAYMENTS AND ACCRUED INCOME</b>			
Other prepayments and accrued income		11	10
<b>TOTAL ASSETS</b>		<b>15,333</b>	<b>15,557</b>

The World Marine & General Insurance PLC

**BALANCE SHEET**  
at 30 June 2012

	<i>Notes</i>	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
<b>LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	11,400	11,400
Profit and loss account		2,108	2,233
<b>EQUITY SHAREHOLDERS' FUNDS</b>	13	<u>13,508</u>	<u>13,633</u>
<b>TECHNICAL PROVISIONS</b>			
Claims outstanding		1,662	1,791
		<u>1,662</u>	<u>1,791</u>
<b>CREDITORS</b>			
Trade creditors		-	2
Other creditors including taxation and social security		-	-
		<u>-</u>	<u>2</u>
Accruals and deferred income		163	131
<b>TOTAL LIABILITIES</b>		<u>15,333</u>	<u>15,557</u>

Signed on behalf of the Board on 17<sup>th</sup> September 2012 by -



M D Frost  
Director

Company Registration No 42652

# The World Marine & General Insurance PLC

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

#### *Basis of preparation*

The financial statements of the company have been prepared in accordance with the provisions of section 396 of the Companies Act 2006 including applying the requirements set out in Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2009 relating to insurance companies. The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules as modified to include the revaluation of investments and comply with the revised Statements of Recommended Practice (SORP) issued by the Association of British Insurers in December 2006 except as explained in note 2 in relation to segmental information.

The Directors have considered the suitability of the going concern basis of preparation. The Company has considerable financial resources, together with the support of a financially strong parent company, BHP Billiton Limited. Based on this, the Directors have reasonable expectations that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

#### *Annual basis*

The technical result for property damage, general liability business and marine cargo business written is determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows.

Premiums written relate to business inception during the year, together with any difference between booked premiums for prior years and those previously accrued, and includes estimates of premiums due but not yet receivable or notified to the company.

Claims incurred comprise claims and related expenses paid in the year and changes in provisions for outstanding claims, including provisions for claims incurred but not reported and provisions for future claims handling expenses and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

#### *Outstanding claims*

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. Such methods extrapolate the development of paid and incurred claims, average cost per claim and ultimate claim numbers for each underwriting year, based upon the observed development of earlier years and expected loss ratios. The main assumption underlying these techniques is that past claims development experience can be used to project ultimate claim costs. Allowance for one off occurrences or changes in legislation, portfolio mix, is also used in arriving at the estimated ultimate cost of claims, in order that it represents the most likely outcome of taking account of all the uncertainties involved. Whilst the Directors consider that the gross provision for claims and the related reinsurance recoveries are fairly stated on the basis of information available to them, the ultimate liability may vary as a result of subsequent information and may result in adjustments to the amounts provided. The timing of the conclusion on these estimates is unknown.

#### *Taxation*

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation is provided at current rates using the liability method on all material timing differences to the extent that it is probable that a liability or asset will arise.

#### *Investment income and transfer of investment return*

Income from investments is included in the non-technical account on an accruals basis. A transfer of investment return, including unrealised gains and losses, expenses and charges, is made from the non-technical account to the technical account – general business.

# The World Marine & General Insurance PLC

## NOTES TO THE ACCOUNTS (CONTINUED)

### 1 ACCOUNTING POLICIES (CONTINUED)

#### *Foreign exchange*

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the rates of exchange ruling at that date. Transactions in foreign currencies during the year are translated into sterling using the rate of exchange prevailing at the time of the transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction on unsettled items is included as an exchange gain or loss in the profit and loss account.

#### *Cash flow statement*

The company is a subsidiary of BHP Billiton Limited, a company which produces consolidated financial statements, including a cash flow statement, which are available to members of the public. Accordingly, the directors have taken advantage of the exemption provided under Financial Reporting Standard 1 (Revised) and have not prepared a cash flow statement in respect of the company.

### 2 SEGMENTAL INFORMATION

	2012			2011		
	<i>Gross</i>	<i>Reinsurance ceded</i>	<i>Net</i>	<i>Gross</i>	<i>Reinsurance ceded</i>	<i>Net</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>Written premiums</b>						
Marine	-	-	-	-	-	-
Reinsurance acceptances	-	-	-	-	-	-
Property damage and general liability	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Earned premiums</b>						
Marine	-	-	-	-	-	-
Reinsurance acceptances	-	-	-	-	-	-
Property damage and general liability	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Incurred claims</b>						
Marine	(20)	-	(20)	(19)	1	(18)
Reinsurance acceptances	18	(115)	(97)	(100)	-	(100)
Property damage and general liability	23	-	23	(1)	(40)	(41)
	<u>21</u>	<u>(115)</u>	<u>(94)</u>	<u>(120)</u>	<u>(39)</u>	<u>(159)</u>
	<u>21</u>	<u>(115)</u>	<u>(94)</u>	<u>(120)</u>	<u>(39)</u>	<u>(159)</u>

The World Marine & General Insurance PLC  
NOTES TO THE ACCOUNTS (CONTINUED)

2. SEGMENTAL INFORMATION (continued)

	2012 £000	2011 £000
<b>Balance on the technical account for general business</b>		
Marine	(20)	(18)
Reinsurance acceptances	(97)	(100)
Property damage and general liability	23	(41)
Investment income net of net operating expenses	(7)	(35)
	<u>(101)</u>	<u>(194)</u>
<b>Net technical provisions</b>		
Marine	166	168
Reinsurance acceptances	620	582
Property damage and general liability	95	134
	<u>881</u>	<u>884</u>

An analysis of the loss before taxation and net assets by class of business has not been provided because, in the opinion of the directors, the above segmental analysis is the most appropriate to the business. Investment income and administrative expenses have not been allocated to specific classes of business in determining the segmental net underwriting result as these items are managed on a portfolio basis across all classes of business.

3. NET OPERATING EXPENSES

	2012 £000	2011 £000
Administrative expenses	104	124
	<u>104</u>	<u>124</u>

Net operating expenses are shown net of an amount of £9k (2011 - £NIL) relating to bad debt recoveries.

4. INVESTMENT INCOME

	2012 £000	2011 £000
Income from financial investments	104	85
	<u>104</u>	<u>85</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

	2012 £000	2011 £000
<b>Profit on ordinary activities before tax is stated after charging/ (crediting)</b>		
Amounts payable to auditor's in respect of		
Statutory audit of the company's financial statements	10	9
Other services pursuant to legislation	10	10
Foreign exchange movement	7	(4)
	<u>27</u>	<u>15</u>

# The World Marine & General Insurance PLC

## NOTES TO THE ACCOUNTS (CONTINUED)

### 6 STAFF COSTS

The average number of employees was nil in 2012 and 2011. The company had no employees at 30 June 2012.

### 7 DIRECTORS' EMOLUMENTS

The services of Messrs. A E Reynolds, M D Frost and G Wilby were provided by BHP Billiton Limited, the ultimate parent undertaking, and no part of their remuneration was specifically attributed to their services to The World Marine & General Insurance PLC.

### 8 TAX ON PROFIT ON ORDINARY ACTIVITIES

<i>a) Analysis of tax in the year</i>	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
<b>The tax (credit)/ charge is made up as follows</b>		
UK corporation tax at 0%	-	-
Adjustments to tax charge in respect of prior periods	(24)	5
	<u>(24)</u>	<u>5</u>

<i>b) Factors affecting the current tax charge for the year</i>	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
Loss on ordinary activities before tax	(101)	(194)
	<u>(101)</u>	<u>(194)</u>
Loss on ordinary activities before tax multiplied by standard rate of corporation tax of 25.5% (2011: 27.5%)	(26)	(53)
<b>Effects of:</b>		
Prior year adjustment	24	(5)
Current year tax losses	26	53
	<u>24</u>	<u>(5)</u>
Current tax charge for year	<u>24</u>	<u>(5)</u>

#### *c) Factors that may affect the future tax charge*

A deferred tax asset has not been recognised in respect of timing differences relating to losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £87,726 (2011: £53,147). The asset would be recovered if there were future taxable profits that could be offset against the deferred tax asset.

### 9 FINANCIAL INVESTMENTS

The company's investments are held in a managed portfolio administered by BHP Billiton Finance BV. As at 30 June 2012 and 2011 the portfolio was comprised solely of term deposits. The market value and cost of these term deposits were £9,134,026 (2011: £9,167,316).

### 10 DEBTORS ARISING OUT OF INSURANCE AND REINSURANCE OPERATIONS

	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
Intermediaries	80	74
	<u>80</u>	<u>74</u>

The World Marine & General Insurance PLC  
NOTES TO THE ACCOUNTS (CONTINUED)

**11 OTHER DEBTORS**

	2012 £000	2011 £000
Amounts owed by group undertakings	5,177	5,165
HM Revenue & Customs	53	53
	<u>5,230</u>	<u>5,218</u>

**12. CALLED UP SHARE CAPITAL**

	2012 £000	2011 £000
<b>Authorised</b>		
30,000,000 ordinary shares of £1 each	30,000	30,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
11,400,000 ordinary shares of £1 each	11,400	11,400
	<u>          </u>	<u>          </u>

**13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2012 £000	2011 £000
Loss for the financial year	(125)	(189)
Opening shareholders' funds	13,633	13,822
	<u>          </u>	<u>          </u>
Closing shareholders' funds	13,508	13,633
	<u>          </u>	<u>          </u>

**14. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption conferred by Financial Reporting Standard No 8 "Related Party Transactions", as a wholly owned subsidiary, not to disclose transactions with other group entities

**15 ULTIMATE PARENT COMPANY**

The ultimate parent company is BHP Billiton Limited (BHP Billiton), which is incorporated in Australia. The only group in which the results of The World Marine and General Insurance PLC are consolidated is that headed by BHP Billiton which are available to the public and may be obtained from BHP Billiton Limited, BHP Billiton Centre, 180 Lonsdale Street, Melbourne, Victoria 3000, Australia.