

62231

The East Coast Mutual
Yacht Insurance Association
Limited

REPORT
AND
BALANCE SHEET
FOR 1999



The East Coast Mutual Yacht Insurance Association Limited

ESTABLISHED 1897

COMMITTEE

Mr. G.H. Brown

Mr. C. Pritchard-Barrett

Mr. D.J. Freeman

Mr. M.J. Burke

Mr. M. Makey

Mr. M.D. Freeman

Mr. D.A. Newman

To the Members:

You will recall from the report last year that Mr G H Brown, your Chairman for 33 years, had decided to resign but agreed to continue as a committee member for the time being. Our sincere thanks to Geoffrey on behalf of all members for his long, dedicated and expedient guidance over so many years.

I am pleased to have been appointed your next Chairman. I will endeavour to foster the financial stability and encourage membership goodwill as established under Geoffrey's leadership through the Committee and our able Secretaries.

Thanks to the care taken by our Members, settlement outlay on claims during the closing year has continued below fund allocation, and this is reflected in the accounts to show an end of year surplus, together with a healthy increase in the value of our investment portfolio.

Your Committee is pleased to be able to recommend a reduction in premiums to Members by lowering the general annual premium rate for the coming year, and by a further 10% reduction to all continuing Members before adding Insurance Premium Tax currently at 5%. Premiums for the new insurance year commencing April 1st 2000 are therefore considerably reduced from those of the current year.

At the AGM, Mr G H Brown, Mr M J Burke and Mr M D Freeman retire from the committee by rotation and offer themselves for re-election.

The Auditors, Messrs. Hope Jones, continue in office and a resolution to fix their remuneration will be proposed at the meeting.

David Freeman

Chairman



"Moorings"
East Cowes Road,
East Cowes,
Isle of Wight. PO32 6NH

February 2000

The East Coast Mutual Yacht Insurance Association Limited

(LIMITED BY GUARANTEE)

PROFIT AND LOSS ACCOUNT - YEAR ENDED 31ST DECEMBER 1999

UNDERWRITING ACCOUNT - YEAR ENDED 31ST DECEMBER 1999

1998				
		<u>Underwriting Year to 1st April, 1998</u>		
		Claims Provision brought forward	14,000	
		Claims Paid	(1,277)	
		Claims Provisions carried forward	(10,000)	
			(11,277)	
	4,831			2,723
		<u>Underwriting Year to 1st April, 1999</u>		
31,695		Balance at 31st December, 1998	42,686	
		Claims paid	(11,546)	
		Claims Provision carried forward	(5,100)	
			(16,646)	
		Claims Provision brought forward	8,000	
(24,995)			(8,646)	34,040
	6,700			
		<u>Underwriting Year to 1st April, 2000</u>		
68,117		Gross Premiums written	69,427	
(10,583)		Outward Reinsurance premiums	(10,024)	
57,534			59,403	
(9,314)		Claims paid	(12,980)	
(8,000)		Provision for Claims notified	(8,000)	
(42,686)		Reserve for further Claims	(54,020)	
(60,000)			(75,000)	(15,597)
	(2,466)			6,926
	-	Reinsurance Provision no longer required		28,092
	9,065			
		<u>Investment Income</u>		
8,540		Income from Quoted Investments	11,501	
4,541		Untaxed Interest Received	1,670	
13,081			13,171	
(1,240)		Corporation Tax	(726)	12,445
	11,841			
		<u>Operating Expenses</u>		
800		Printing and Stationery	661	
623		Postage and Telephone	812	
-		Office Insurance	260	
2,500		Retirement Pension	2,500	
16,174		Secretarial and Clerical Salaries	16,844	
692		Accountancy	720	
630		Audit Fee	655	
1,038		Travel and Sundry	1,886	
72		Bank Charges and Interest	83	
217		Computer Costs	96	
501		Depreciation	501	
	(23,247)			(25,018)
	£(2,341)	(Deficit) Surplus for the year carried to Reserve Fund		£15,519
		<u>Reserve Fund</u>		
348,627		Balance 1st January, 1999	359,357	
(2,341)		(Deficit) Surplus on the Underwriting Account	15,519	
14,885		Gains on the Realisation of Investments	3,999	
(2,199)		Corporation Tax on Realised Capital Gains	(402)	
385		Unrealised Gains on Investments	69,040	
£359,357		Balance at 31st December, 1999	£447,513	

The East Coast Mutual Yacht Insurance Association Limited

(LIMITED BY GUARANTEE)

BALANCE SHEET 31ST DECEMBER 1999

31/12/98

		Current Assets			
390,131		Investments at middle market value		506,580	
1,949		- 31st December, 1999		1,894	
53,039		Debtors		27,874	
		Cash at Bank and in Hand			
445,119				536,348	
		Less: Current Liabilities			
22,000		Provision for claims notified	23,100		
18,413		Sundry Creditors			
		(payable within one year)	10,971		
3,166		Corporation Tax:-			
-		Payable - 1st October, 1999	-		
		1st October, 2000	745		
43,579				34,816	
401,540		Net Current Assets			501,532
		Tangible Fixed Assets			
			Cost	Depreciation	
503		Office Furniture and Equipment			
		As at 1st January, 1999	2,498	2,497	1
402,043		Total Assets Less Current Liabilities			501,533
42,686		Less: Reserve for further claims			54,020
£359,357		Net Assets, representing Reserve Fund Balance			£447,513

NOTE: If the Investments were sold at the value as at 31st December, 1999 a Tax liability would arise of approximately £49,000.

G.H. BROWN

G.H. Brown

D.J. FREEMAN

D.J. Freeman

{ Approved by the Committee on
27th January, 2000

Auditors' Report to the Members of the East Coast Mutual Yacht Insurance Association Limited.

We have audited the financial statements which have been prepared under the accounting policies set out overleaf.

Respective responsibilities of Members of the Committee and Auditors

As described overleaf, the company's committee members are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the committee members 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 have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to insurance companies.

73 High Street
Lymington, Hants.

Hope Jones
HOPE JONES
Registered Auditor
Chartered Accountants
27th January, 2000

The East Coast Mutual Yacht Insurance Association Limited

(LIMITED BY GUARANTEE)

Statement of Committee Members' Responsibilities

Company Law requires the Committee members to prepare financial statements for each financial year which comply with the provisions of the Companies Act 1985 applicable to insurance companies. In preparing those financial statements, the Committee members are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Committee members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985 as applicable to insurance companies.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

Notes to the Accounts

Year ended 31st December 1999

Accounting Policies

1. Accounting Convention

The financial statements have been prepared in accordance with the provisions of Section 255 of, and Schedule 9A to, the Companies Act 1985 applicable to insurance companies. They have also been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of investments, and comply with the revised Statement of Recommended Practice (SORP) issued by the Association of British Insurers, except as regards investment return as disclosed below.

2. Basis of Accounting

The fund basis of accounting has been used in preparing the financial statements because it is considered that the information available on claims payable is insufficient for reliable estimates to be made at the end of the underwriting year in which the business incepts.

All written premiums notified in an accounting period are accounted for in the underwriting account for that period and attributed to the appropriate underwriting year.

Claims paid are attributed to the appropriate underwriting year. A provision is made for the estimated cost of claims outstanding which had been notified before the end of the accounting period and a reserve is made for further possible claims in the underwriting year, up to an amount determined by the company's committee.

3. Investment Return

Interest and dividend income is accounted for on a receipts basis. Realised and unrealised gains/losses are taken direct to Reserve Fund. Although contrary to the SORP, no material difference arises from this policy.

4. Depreciation

Depreciation is provided on Office Furniture and Equipment at 25% per annum on a straight line basis.