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Yorkshire
Insurance Company Limited

**Report & Accounts
1985**

**General
Accident**

A member Company of General Accident.

THE YORKSHIRE INSURANCE COMPANY LIMITED

REGISTERED OFFICE: 2 Rougier Street, York YO1 1HR
Registered In England - No. 98235

BOARD OF DIRECTORS:

Chairman: B.C. Marshall, CA
Directors: J.H. Boxall, BSc
W.N. Robertson, MA, FCI
R.D. Parker, FAI, ACII
K. Noble
T. Roberts, MA, FCI
Secretary: R.G. Macdonald


NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of this Company will be held on 7th May, 1986 at 8.40 a.m. at Pitheavils, Perth, to transact the ordinary business of the company.

A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of him.

The Proxy need not be a member of the company.

By Order of the Board



R.G. MACDONALD

Secretary

14th April, 1986

THE YORKSHIRE INSURANCE COMPANY LIMITED

DIRECTORS' REPORT

The Directors have pleasure in submitting their report with the balance sheet of the company at 31st December 1985 and accounts for the year ended on that date.

Principal Activity

The principal activity of the company is the transaction of insurance business.

Operations

Ordinary Long Term Business

This account consists of long term accident and sickness business.

General Business

The net premiums written in this account were £4,182,564. The claims ratio (to earned premiums) was 63.65% as compared with 75.69% for 1984 and the combined commission and expense ratio (to written premiums) was 51.85% as compared with 50.26%.

Marine and Aviation Account

The net premiums written amounted to £4,638,235 and after transferring £5,737 to Profit and Loss Account, the fund at December 31, 1985 totalled £5,510,000.

Profit and Loss Account

	£
The balance of profit and loss account brought forward from 1984	1,576,822
Profit for the year after taxation	580,948
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	2,157,770
Dividend for the year	250,000
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Balance carried forward	£1,907,770
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Dividend

An interim dividend of £250,000 was paid on 31st December 1985 and the directors do not recommend the payment of a final dividend.

Directors

The names of the present Directors appear on page 1.

THE YORKSHIRE INSURANCE COMPANY LIMITED

DIRECTORS AND THEIR INTERESTS

The beneficial interests of directors in shares of the holding company, excluding those of directors who are also directors of the holding company, are as follows:-

	Ordinary Shares		Share Option
	1st January 1985	31st December 1985	31st December 1985
J H Boxall	Nil	Nil	1597
K Noble	750	750	1002
R D Parker	Nil	Nil	1494

The share options referred to above are options to subscribe for Ordinary Shares in the parent company under the terms of the UK Employee Savings Related Share Option Scheme.

Auditors

A resolution for the re-appointment of Messrs. Peat, Marwick, Mitchell & Co., Chartered Accountants, as auditors of the Company for the ensuing year is to be proposed at the forthcoming Annual General Meeting.


B. C. Marshall
Chairman

26th March 1986

THE YORKSHIRE INSURANCE COMPANY LIMITED

REVENUE ACCOUNTS

FOR THE YEAR ENDED 31st DECEMBER 1985

ORDINARY LONG TERM BUSINESS	Note	1985 £	1984 £
Premiums		16,825	18,860
Investment income		31,474	31,123
Transfer from investment reserve		-	7,500
		<u>48,299</u>	<u>57,483</u>
Claims paid and outstanding	14,887	(72,874)	
Commission	506	769	
Expenses	10,000	12,000	
Taxation	4,624	20,529	
Shareholders' share of profits	<u>40,000</u>	<u>10,000</u>	
		<u>70,017</u>	<u>(29,576)</u>
Decrease in Fund during the year		(21,718)	87,059
Fund as at 1st January 1985		<u>238,202</u>	<u>151,143</u>
Fund at the end of the year		<u>£216,484</u>	<u>£238,202</u>
GENERAL BUSINESS INSURANCE			
Premiums written		4,182,564	2,569,127
Increase in unearned premiums	1(d)	<u>67,564</u>	<u>(64,460)</u>
Premiums earned		4,115,000	2,633,587
Claims incurred	2,619,227	1,993,264	
Commission	944,184	599,848	
Expenses	<u>1,224,469</u>	<u>691,509</u>	
		<u>4,787,880</u>	<u>3,284,621</u>
Underwriting result		<u>£(672,880)</u>	<u>£(651,034)</u>
Underwriting Provisions as per Balance Sheet			
Provision for unearned premiums:			
As at 1st January 1985		1,038,402	1,006,364
Exchange adjustment	4	13,396	96,498
Portfolio adjustment		2,977	-
Increase during the year	1(d)	<u>67,564</u>	<u>(64,460)</u>
At the end of the year		<u>£1,122,339</u>	<u>£1,038,402</u>
Provision for outstanding claims:	1(e)	<u>£1,149,906</u>	<u>£1,537,716</u>

The notes on pages 9 to 11 form an integral part of these accounts

THE YORKSHIRE INSURANCE COMPANY LIMITED

REVENUE ACCOUNTS

FOR THE YEAR ENDED 31st DECEMBER 1985

	Note	1985 £	1984 £
MARINE AND AVIATION INSURANCE			
	1(f)		
Premiums written		4,638,235	3,965,572
Claims incurred	2,636,413		2,423,110
Expenses	<u>326,085</u>	<u>2,962,498</u>	<u>259,192</u>
		1,675,737	1,283,270
Transferred (to)/from Profit and Loss		(5,737)	165,730
Increase in fund during year		1,670,000	1,449,000
Fund at January 1, 1985		<u>3,840,000</u>	<u>2,391,000</u>
Fund at December 31, 1985		<u>£5,510,000</u>	<u>£3,840,000</u>
		*****	*****

PROFIT AND LOSS ACCOUNT

Investment Income	1(c)	1,177,085	1,112,416
Shareholders' Long Term Profits		40,000	10,000
Underwriting results:			
General Business Insurance		(672,880)	(651,034)
Marine and Aviation		<u>5,737</u>	<u>(165,730)</u>
Profit before Taxation	3	549,942	305,652
United Kingdom and Overseas Taxation	6	<u>(31,006)</u>	<u>198,996</u>
Profit after Taxation		580,948	106,656
Balance forward from previous year		<u>1,576,822</u>	<u>1,720,166</u>
		2,157,770	1,826,822
Dividend for year		<u>250,000</u>	<u>250,000</u>
Balance carried forward per Balance Sheet		<u>£1,907,770</u>	<u>£1,576,822</u>
		*****	*****

The notes on pages 9 to 11 form an integral part of these accounts

THE YORKSHIRE INSURANCE COMPANY LIMITED

ORDINARY LONG TERM BUSINESS BALANCE SHEET
AS AT 31st DECEMBER 1985

	Note	1985 £	1984 £
Investments less Reserve	1(c)		
Fixed interest securities		163,546	163,546
Deposits at interest		<u>60,000</u>	<u>60,000</u>
		223,546	223,546
Current Assets			
Debtors		9,720	7,343
Due from General Business Fund		<u>-</u>	<u>16,592</u>
		<u>9,720</u>	<u>23,935</u>
		233,266	247,481
Less Current Liabilities			
Due to fellow subsidiary company		8,749	8,563
Due to General Business Fund		3,973	-
Claims outstanding		536	716
Creditors		<u>3,524</u>	<u>-</u>
		<u>16,782</u>	<u>9,279</u>
Net Assets		<u>£216,484</u>	<u>£238,202</u>
		=====	=====
Representing Ordinary Long Term Business Fund		<u>£216,484</u>	<u>£238,202</u>
		=====	=====

The notes on pages 9 to 11 form an integral part of these accounts

THE YORKSHIRE INSURANCE COMPANY LIMITED

BALANCE SHEET

FOR THE YEAR ENDED 31st DECEMBER 1985

	Note	1985 £	1984 £
Investments net of reserves	1(c) & 11	10,416,629	11,468,723
Subsidiary Company Shares at cost	9	100	100
Current Assets			
Agency and company balances	1,137,666	1,090,363	
Due from fellow subsidiary company	9,765	8,372	
Debtors and accrued interest	117,679	317,678	
Cash at bank and on deposit	153,061	166,470	
Due from Ordinary Long Term Fund	3,973	-	
Due from parent company	4,990,832	1,510,479	
		<u>6,412,976</u>	<u>3,093,382</u>
		16,829,705	14,562,205
Less Current Liabilities			
Including provisions and reserves			
Claims outstanding	1,149,906	1,537,716	
Balances due to other Insurers	600,000	1,169,895	
Creditors	75,991	203,962	
Due to Ordinary Long Term Fund	-	16,592	
Corporation tax	1,936,354	654,525	
		<u>3,762,251</u>	<u>3,582,690</u>
		13,067,454	10,979,515
Insurance Funds			
General Business (See page 4)	1,122,339	1,038,402	
Marine and Aviation (See page 5)	5,510,000	3,840,000	
Ordinary Long Term Business (See page 4)	216,483	238,202	
		<u>6,848,822</u>	<u>5,116,604</u>
		6,218,632	5,862,911
		216,483	238,202
Long Term Fund Net Assets (See page 6)		<u>6,435,115</u>	<u>6,101,113</u>
Deferred Tax	1(g)	38,680	35,627
Net Assets		<u>£6,396,435</u>	<u>£6,065,486</u>
		=====	=====
Representing Shareholders' Funds			
Capital Issued and fully paid	12	2,250,000	2,250,000
Share Premium Account		2,238,664	2,238,664
Profit and Loss Account		<u>1,907,771</u>	<u>1,576,822</u>
		£6,396,435	£6,065,486
		=====	=====

The notes on pages 9 to 11 form an integral part of these accounts

THE YORKSHIRE INSURANCE COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
(EXCLUDING LONG TERM BUSINESS)

	1985 £'000	1984 £'000
Source of Funds		
Profit before tax	550	306
Adjustments to convert revenue and expenditure to a cash basis:		
Increase/(Decrease) from changes in		
Insurance funds and outstanding claims	1,366	3,978
Agency and company balances	(617)	(246)
Other net current liabilities	(3,427)	1,906
(excluding taxation and proposed dividends)		
Total generated from operations	(2,128)	5,944
Application of Funds		
Tax paid (including tax attributable to franked		
Investment Income)	(1,313)	(113)
Dividends paid to shareholders	<u>250</u>	<u>250</u>
Net funds available for investment	<u>(1,063)</u>	<u>137</u>
	£(1,065)	£5,807
	=====	=====
Changes in Investments and Net Liquid Funds		
(Net of Investment reserves)		
Increase/(decrease) in		
Properties	(1,482)	1,342
Mortgages and Loans	-	-
Fixed interest securities	1,267	3,888
Ordinary stocks and shares	134	117
Deposits at interest	(971)	396
Cash at bank	(13)	64
	<u>£(1,065)</u>	<u>£5,807</u>
	=====	=====

THE YORKSHIRE INSURANCE COMPANY LIMITED

Notes on the Accounts

1. ACCOUNTING POLICIES

(a) Disclosure Requirements

The accounts are prepared in accordance with Chapter II Part VII of the Companies Act 1985 and also with the requirements of those Statements of Standard Accounting Practice as considered appropriate. The latter requirements do not override the specific statutory exemptions presently available to insurance companies.

(b) Exchange Rates

Revenue transactions in currencies other than sterling and the assets and liabilities at 31st December have been converted at the approximate rates of exchange at that date.

(c) Investments and Investment Income

Investments are shown in the balance sheet at or under cost except for investment properties, including properties which are wholly or partially occupied by group companies, which are carried in the balance sheet at current values as determined by the group's professionally qualified internal valuers. Revaluation surpluses have been credited to investment reserves.

At 31st December 1985 the aggregate amounts at which investments were included in the balance sheets were below their market values at that date, taking Stock Exchange securities at middle market prices less accrued interest.

Profits and losses on realisation of investments, after adjusting for taxation, have been dealt with through investment reserves. Investment income includes interest accrued to 31st December on fixed interest securities, mortgages, loans and deposits but no credit is taken for dividends other than those received in the year of account.

(d) Unearned Premiums

The provision for unearned premiums is calculated on the monthly pro-rata fraction (24ths) method less a deduction for acquisition costs.

(e) Outstanding Claims

Provisions for outstanding claims notified as at 31st December have been determined on an individual case basis and further provisions are carried in respect of claims incurred but not reported.

(f) Marine and Aviation Business

The result of an underwriting year is determined after a period of two years from the end of the year of account, after making due allowance for the estimated cost of all remaining liabilities attributable to that year. Underwriting years prior to their closure are augmented, when necessary, by transfer from profit and loss account.

(g) Deferred Taxation

Deferred taxation has been provided at current rates on all timing differences other than those considered likely to continue in the foreseeable future. No detailed breakdown under the categories concerned is given as the amounts involved are relatively immaterial.

THE YORKSHIRE INSURANCE COMPANY LIMITED

2. HOLDING COMPANY

The Company's ultimate holding company is General Accident Fire and Life Assurance Corporation p.l.c. which is incorporated in Great Britain.

3. PROFIT BEFORE TAXATION

The profit for the year is arrived at after charging the following items:

	1985	1984
a) Remuneration of auditors	£5,865	£5,320
b) Directors' emoluments	NII	NII
Chairman's emoluments	NII	NII

4. UNEARNED PREMIUMS

An adjustment has been made to the opening provision in order to reflect changes in certain foreign exchange rates.

5. TURNOVER

Turnover of £10,046,183 (1984 £7,697,098) is represented by the premium income and gross investment income appearing in the revenue and profit and loss accounts.

6. TAXATION

The net charge in the profit and loss account in respect of U.K. corporation and income taxes and overseas taxes, computed in accordance with current legislation applicable to insurance companies and based on the results of the year, is made up as follows:

	1985	1984
U.K. Corporation Tax	£(117,267)	£66,700
Tax attributable to U.K. dividends received	64,102	62,450
Overseas taxation	19,106	42,731
Deferred taxation	3,053	27,115
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	£(31,006)	£198,996
	=====	=====

7. DEFERRED TAXATION

No provision has been made for deferred tax attributable to the property revaluations referred to in Note 1 (c) which is estimated not to exceed £140,642 (1984 £584,142).

8. MUTUAL GUARANTEES

With the approval of the Department of Trade, General Accident Fire and Life Assurance Corporation p.l.c. and each of its U.K. subsidiary companies transacting general insurance business, of which The Yorkshire Insurance Company Limited is one, have mutually guaranteed all liabilities attaching to their respective policies in force.

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THE YORKSHIRE INSURANCE COMPANY LIMITED

9. SUBSIDIARY COMPANY

The Directors are of the opinion that consolidation of N.L. Nominees Ltd., a wholly owned subsidiary company which is not trading, would be of no real value to the members of the company in view of the insignificant amounts involved.

10. ASSOCIATED COMPANY

At 31st December 1985 the Company held an interest of 20% of the ordinary share capital of the Alborz Insurance Company (S.A.), a company incorporated in Iran. The results of this company which might be deemed to be an associated company, have not been incorporated in the accounts as the directors are of the opinion that their inclusion would involve expense and delay out of proportion to the value to the members of the company.

11. INVESTMENTS

Details of the General Business Fund Investments after deducting investment reserves appear below:

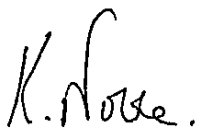
	1985	1984
Freehold and leasehold properties	184,106	£1,665,985
Fixed interest securities	5,973,684	4,706,967
Ordinary stocks and shares	944,828	810,298
Deposits at interest	3,314,011	4,285,473
	<u>£10,416,629</u>	<u>£11,468,723</u>
	=====	=====

12. SHARE CAPITAL

	1983	1984
Authorised 10,000,000 Ordinary Shares of 25p each	£2,500,000	£2,500,000
	=====	=====
Issued and fully paid 9,000,000 Ordinary Shares of 25p each	£2,250,000	£2,250,000
	=====	=====

Approved by the Board


B C MARSHALL, Chairman.


K NOBLE, Director

26th March 1986

REPORT OF THE AUDITORS TO THE MEMBERS OF
THE YORKSHIRE INSURANCE COMPANY LIMITED

We have audited the accounts set out on pages 4 to 11 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out on page 9 comply with the Companies Act 1985 in the manner authorised for an insurance company.



PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants

135 Buchanan Street
Glasgow G1 2JG

26th March 1986