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LONDON AND LEITH INSURANCE COMPANY LIMITED

DIRECTORS' REPORT for the year ended 31 December 1975 to be submitted to the annual general meeting.

1. PRINCIPAL ACTIVITY

The company carries on business as insurance and reinsurance underwriters.

2. ACCOUNTS AND DIVIDEND

The directors submit the audited accounts of the company for the year ended 31 December 1975. The profit for the year after taxation was £16,441. An interim dividend of £3,571 was paid on 31 March 1975 and the balance has been carried forward to reserves.

3. PREMIUM INCOME

During the year this amounted to £390,130 of which £122,034 was derived from overseas.

4. DIRECTORS

Messrs. R.N.P. Manson (Chairman), J.G. Chaplain, D.C. McIntosh were directors throughout the year.

They were all directors of Brown Shipley Insurance Services Limited during the year and the directors' report of that company deals with their shareholdings in Brown Shipley Holdings Ltd. and subsidiary companies.

5. AUDITORS

The auditors, Whinney Murray & Co., have signified their willingness to continue in office.

For and on behalf of the board

J.J. WRIGHT

Secretary

52-56 Minories,
London EC3.

REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the accounts of London and Leith Insurance Company Limited set out on pages 3 to 7.

In our opinion the balance sheet, profit and loss account and revenue accounts have been properly prepared in accordance with the provisions of the Companies Acts 1948 and 1967 in the manner authorised for Insurance Companies and give a true and fair view of the company's state of affairs at 31 December 1975 and of the profit for the year ended on that date.

WHINNEY MURRAY & CO.

Chartered Accountants.

LONDON -9 JUN 1976

Whinney Murray & Co

LONDON AND LEITH INSURANCE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1975

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	£	£	1974 £
Transfer from insurance revenue accounts			
Accident	26,712		19,416
Fire	(6,377)		8,089
Marine	345		26
Miscellaneous	<u>344</u>		<u>88</u>
		21,024	27,619
Interest and dividends (gross)	21,595		<u>23,692</u>
Profit commission	1,158		722
Profit on exchange	<u>111</u>		<u>47</u>
		<u>22,864</u>	<u>24,461</u>
		43,888	52,080
Deduct: Expenses of management other than those dealt with in the insurance revenue account (Note 4)	3,947		<u>3,585</u>
Provision for diminution in value of an investment less profits on realisation of investments	<u>7,934</u>		<u>933</u>
		<u>11,881</u>	<u>4,518</u>
		32,007	47,562
Corporation tax at 52% (1974 52%)		<u>15,566</u>	<u>23,647</u>
		16,441	23,915
Interim dividend paid 31 March 1975		<u>3,571</u>	<u>11,270</u>
Balance transferred to reserve		<u>£12,870</u>	<u>£12,645</u>

Whitney Murray & Co

The notes on page 7 form an integral part of these accounts.

LONDON AND LEITH INSURANCE COMPANY LIMITED

BALANCE SHEET AT 31 DECEMBER 1975

W. H. Murray & Co.

	£	£	1974 £
SHARE CAPITAL			
Ordinary shares of £1 each			
Authorised issued and fully paid	<u>£100,000</u>	100,000	100,000
REVENUE RESERVES			
Balance at 31 December 1974	104,562		91,917
Transfer from profit and loss account	<u>12,870</u>		12,645
		117,432	104,562
INSURANCE FUNDS			
Accident	21,378		19,671
Fire	11,514		8,752
Marine	1,411		1,644
Miscellaneous	<u>3,727</u>		184
		38,030	30,251
OTHER LIABILITIES			
Amount due to immediate holding company	16,223		12,003
Amount due to fellow subsidiary	-		-
Creditors	14,347		9,669
Provision for outstanding claims and adjustments, less reinsurance recoveries	14,012		4,224
Current taxation	<u>34,256</u>		32,932
		78,838	58,828
		<u>£334,300</u>	<u>£293,641</u>

The notes on page 7 form an integral part of these accounts.

LONDON AND LEITH INSURANCE COMPANY LIMITED

ACCIDENT INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1975

1974 £		Preceding year 1974 £	Current year 1975 £	Total £
18,444	Amount of insurance fund at beginning of period	19,671	-	19,671
309,526	Premiums	199,249	178,777	
42,628	Less: Reinsurance premiums	18,361	9,209	
266,898		180,888	169,568	350,456
<u>£285,342</u>		<u>£200,559</u>	<u>£169,568</u>	<u>£370,127</u>

FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1975

13,194	Amount of fire insurance fund at beginning of period		8,752
24,809	Premiums	30,292	
2,929	Less: Reinsurance premiums	1,506	
21,880			28,786
-	Transfer from profit and loss account		6,377
<u>£35,074</u>			<u>£43,915</u>

Total £	1974 £		Preceding year 1974 £	Current year 1975 £	Total £
	179,682	Claims paid and outstanding	127,316	91,707	
19,671	<u>31,444</u>	Less: Reinsurance recoveries	<u>11,339</u>	<u>6,878</u>	
	148,238		115,977	84,829	200,806
	71,241	Commission	26,534	57,771	84,305
	9,783	Management expenses	7,718	5,590	13,308
350,456	1,022	Management profit commission	1,406	-	1,406
	15,971	Contingency commission	22,212	-	22,212
	19,416	Transfer to profit and loss account	26,712	-	26,712
		Amount of accident insurance fund at end of the period as shown on the balance sheet	-	21,378	21,378
<u>£370,127</u>	<u>£285,342</u>		<u>£200,559</u>	<u>£169,568</u>	<u>£370,127</u>

	10,906	Claims paid and outstanding		22,606
8,752	<u>1,908</u>	Less: Reinsurance recoveries		<u>1,382</u>
	8,998			21,224
	8,072	Commission		10,205
28,786	690	Management expenses		929
	426	Management profit commission		-
6,377	47	Contingency commission		43
	8,089	Transfer to profit and loss account		-
		Amount of fire insurance fund at the end of the period as shown on the balance sheet		11,514
<u>£43,915</u>	<u>£35,074</u>			<u>£43,915</u>

LONDON AND LEITH INSURANCE COMPANY LIMITED

MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1975

1974 £		Preceding year 1973 and previous £	Last preceding year 1974 £	Current year 1975 £	Total £
886	Amount of marine insurance fund at beginning of the period	862	782	-	1,644
1,173	Premiums (less brokerage, discount, commission, returns and reinsurance)	-	843	728	1,571
<u>£2,059</u>		<u>£862</u>	<u>£1,625</u>	<u>£728</u>	<u>£3,215</u>

MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1975

-	Amount of miscellaneous fund at beginning of period				184
1,051	Premiums			9,317	
591	Less: Reinsurance premiums			-	
460					9,317
<u>£460</u>					<u>£9,501</u>

	1974 £	Preceding year 1973 and previous £	Last preceding year 1974 £	Current year 1975 £	Total £
344	360	47	172	1,144	1,363
	59	-	42	36	78
	(31)	-	-	-	-
571	1	18	-	-	18
	26	797	-	(452)	345
	<u>1,644</u>	<u>-</u>	<u>1,411</u>	<u>-</u>	<u>1,411</u>
215	<u>£2,059</u>	<u>£862</u>	<u>£1,625</u>	<u>£ 728</u>	<u>£3,215</u>

184	60	Claims paid and outstanding	4,663
	-	Less: Reinsurance recoveries	(282)
	60		4,945
317	105	Commission	-
	18	Management expenses	466
	5	Management profit commission	19
	-	Contingency profit commission	-
	88	Transfer to profit and loss account	344
		Amount of miscellaneous fund at end of the period as shown on the balance sheet	<u>3,727</u>
501	<u>184</u>		<u>£9,501</u>
	<u>£460</u>		

LONDON AND LEITH INSURANCE COMPANY LIMITED

NOTES TO ACCOUNTS

1. ACCOUNTING POLICIES

- (a) The Marine Fund and the Accident Fund consist of premiums received less outgoings in respect of the open years and a provision for outstanding claims attributable to the closed years.

The profit on the Marine account and Accident account for a year is ascertained after a period of two years on Marine, and one year on Accident, from the end of that year.

- (b) Fire and Miscellaneous accounts are recorded in single year accounts and transfers are made to profit and loss account on an annual basis.
- (c) Full provision is made for the estimated costs of claims notified but not settled at the date of the balance sheet on the basis of the best information available at that date. A provision is also made in the accounts for unearned premiums and for the cost of claims incurred but not reported by that date.
- (d) In order to expedite the preparation of the accounts, no account is taken of premiums and claims notified to the company after the balance sheet date.
- (e) All foreign currency items are converted into sterling at the rates ruling at the balance sheet date.
- (f) Investments are shown in the balance sheet on the basis of cost, less provisions against investments which the directors consider have permanently diminished in value, such provisions together with realised profits and losses being transferred to profit and loss account at the time of realisation. Income from investments is credited to profit and loss account.
2. The ultimate holding company is Brown Shipley Holdings Ltd., a company incorporated in England.
3. Included in bank balances is Nil (1974 £1,354) deposited with a group company whose normal business is banking.
- 4.
- (a) The expenses of management dealt with in the profit and loss account include:

	£	1974 £
Directors' remuneration	600	600
Auditors' remuneration	1,000	1,000

- (b) The chairman and two directors received a fee of £200 each.