

STRONGHOLD INSURANCE COMPANY LIMITED

REPORT & ACCOUNTS
1996

A member of the
Norwich Winterthur Group

Company Registration No. 736581



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STRONGHOLD INSURANCE COMPANY LIMITED

Directors and Management

Directors

W E Schürpf (Swiss) – Chairman
M N Biggs (British)
S J Blease (British)
T Sugisawa (Japanese)
U E Thalmann (Swiss)
R E Townsend (British)

General Manager & Secretary

R E Townsend FCIS FCII

Auditors

Ernst & Young

Managing Agent

Cavell Management Services Limited
Norwich Winterthur House Rose Lane Norwich NR1 1JY England
Telephone: (01603) 615122 Facsimile: (01603) 697432

Registered Office

Norwich Winterthur House Rose Lane Norwich NR1 1JY England

Report of the Directors

The Directors present their report and the accounts of the Company for the year ended 31 December 1996.

Principal activity

Having ceased to write new business, the Company advised the Department of Trade and Industry of this fact and accordingly on 14 August 1987 its authority to accept contracts of insurance was withdrawn.

The principal activity of the Company is the run-off of the general reinsurance business underwritten.

The Company's authorised share capital was increased by £5,000,000 to £30,000,000 on 31 December 1996. On the same date, the Company's issued and called up share capital was increased by £2,000,000 to £27,000,000 by the issue of 2,000,000 ordinary shares of £1 each at par to the shareholder.

Results and dividends

After allowing for taxation, there was a loss for the year of £924,000 (1995 – profit £315,000). The Directors do not recommend the payment of a dividend for the year (1995 – Nil).

Directors

The names of the Directors at the date of this report appear on page 2. All Directors served throughout the year.

According to the register kept for the purpose of the Companies Act 1985, no Director has any beneficial interest or option to subscribe for shares in the Company.

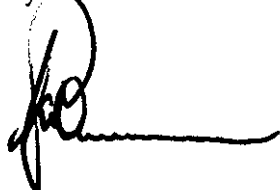
Managing agent

On 1 January 1996 a group undertaking, Cavell Management Services Limited, was appointed as managing agent for the run-off of the Company's business.

Future developments

On 14 April 1997 the Norwich Winterthur Group will dispose of its shareholding in the Company. The run-off of the Company's business will continue to be administered by Cavell Management Services Limited.

By Order of the Board



R E TOWNSEND
Secretary

11 April 1997

Statement of Directors' Responsibilities in respect of the Accounts

Company law requires the Directors to prepare accounts for each financial year which show 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 those accounts the Directors are required to:

- . select suitable accounting policies and then apply them consistently;
- . 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 accounts; and
- . prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Auditors to the Members of Stronghold Insurance Company Limited

We have audited the accounts on pages 7 to 21 which have been prepared on the basis of the accounting policies set out on pages 7 and 8.

Respective responsibilities of the Directors and Auditors

As described on page 4, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

Fundamental uncertainties

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the level of uncertainty in respect of:

- a. the ultimate liability in respect of the technical provisions relating to gross claims outstanding, related reinsurance recoveries and claims handling expenses. The ultimate liability will vary as a result of subsequent information and events and these may result in significant adjustments to the amounts provided. Details of the circumstances relating to this fundamental uncertainty are described in Note 15.
- b. the adequacy of the current resources of the Company to meet its likely future requirements. As stated in the Statement of Accounting Policies, Basis of preparation, on page 7, the accounts have been prepared on a going concern basis. This basis could be invalidated if the resources of the Company were exhausted by adverse adjustments arising from the resolution of the above uncertainties. The accounts do not include any adjustments which would result from the going concern basis becoming inappropriate.

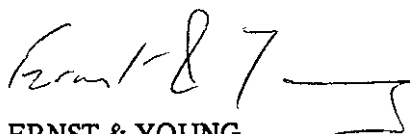
In view of the significance of these uncertainties we consider that they should be drawn to your attention but our opinion is not qualified in this respect.

STRONGHOLD INSURANCE COMPANY LIMITED

Report of the Auditors to the Members of Stronghold Insurance Company Limited

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Ernst & Young', followed by a horizontal line and a stylized flourish.

ERNST & YOUNG
Chartered Accountants
Registered Auditor
Norwich

11 April 1997

Statement of Accounting Policies

(a) Basis of preparation

These accounts are prepared in compliance with Section 255 of, and Schedule 9A to, the Companies Act 1985 and in accordance with applicable accounting standards. They also comply with the Guidance on Accounting for Insurance Business issued by the Association of British Insurers.

In preparing the accounts for the year ended 31 December 1996, the Directors, having regard to the uncertainties expressed in Note 15 as to the amounts at which the Company's technical provisions will ultimately be settled, consider that the Company has adequate financial resources to meet its day to day obligations as they fall due. Accordingly the accounts have been prepared on a going concern basis, without including any adjustments that would be required should the financial resources of the Company prove inadequate.

(b) Technical account

- (i) Premiums are accounted for and recorded in the technical account in the year of notification.
- (ii) Provision for claims outstanding comprises provisions for the estimated ultimate cost of claims notified but not settled at the date of the balance sheet and for claims incurred but not notified at that date; the provision reflects anticipated reinsurance and other recoveries, and takes into account future claims handling costs.

The provision for claims outstanding for the Casualty classes written in the United Kingdom are included after taking into account the future attributable investment earnings.

(c) Investment return

Investment return comprises interest and dividends on an accruals basis, together with realised and unrealised investment gains and losses. Realised gains and losses are calculated as the difference between net sale proceeds and cost or, if previously revalued, the valuation as at the last balance sheet date. Unrealised gains and losses are calculated as the difference between the valuation of investments at the balance sheet date and cost or, if previously revalued, the valuation as at the last balance sheet date. An allocation of the investment return from the non-technical account to the general business technical account is made on the basis of the relationship between average technical provisions and average shareholder's funds.

(d) Investments

Financial investments are stated at market value. Listed securities are taken at middle market value after adjustments for accrued interest, and other investments are stated at Directors' valuation. Unrealised gains and losses are taken to the profit and loss account.

(e) Foreign currencies

Foreign currency transactions are converted to sterling at the rate applicable when recorded in the books, with the exception of transactions in United States and Canadian dollars, which are converted at year end rates.

Assets and liabilities are shown in the balance sheet at rates ruling on 31 December 1996.

Foreign currency translation gains and losses are taken directly to reserves.

Statement of Accounting Policies

(f) Deferred taxation

Deferred taxation, to the extent that it is likely to crystallise in the foreseeable future, is provided for using the liability method.

STRONGHOLD INSURANCE COMPANY LIMITED

**Profit and Loss Account
for the year ended 31 December 1996**

	Notes	1996 £'000	1995 £'000
Technical account – General business			
<i>Discontinued operations</i>			
Gross premiums written	1	175	290
Outward reinsurance premiums		<u>38,016</u>	<u>442</u>
Earned premiums, net of reinsurance		(37,841)	(152)
Allocated investment return transferred from the non-technical account		<u>2,713</u>	<u>13,431</u>
Total technical income		(35,128)	13,279
Claims paid			
– gross amount		23,949	20,668
– reinsurers' share		<u>47,989</u>	<u>11,326</u>
– net		(24,040)	9,342
Change in the provision for claims			
– gross amount		66,611	(4,090)
– reinsurers' share		<u>76,678</u>	<u>(7,777)</u>
– net		(10,067)	3,687
Claims incurred net of reinsurance	2,3	(34,107)	13,029
Net operating expenses	4	<u>6</u>	<u>15</u>
Total technical charges		(34,101)	13,044
Balance on the general business technical account		(1,027)	235
Non-technical account			
Balance on the general business technical account		(1,027)	235
Investment income	6	4,162	11,401
Unrealised gains on investments		–	2,600
Investment expenses and charges	7	(692)	(491)
Unrealised losses on investments		(655)	–
Allocated investment return transferred to the general business technical account		<u>(2,713)</u>	<u>(13,431)</u>
		102	79
(Loss)/profit on ordinary activities before taxation		(925)	314
Tax on ordinary activities	8	–	(1)
(Loss)/profit on ordinary activities after taxation		(925)	315

STRONGHOLD INSURANCE COMPANY LIMITED**Statement of Total Recognised Gains and Losses
for the year ended 31 December 1996**

	1996 £'000	1995 £'000
(Loss)/profit on ordinary activities after taxation	(925)	315
Currency translation differences on foreign currency net investment	(858)	146
Total recognised (losses)/profits related to the year	<u>(1,783)</u>	<u>461</u>

**Reconciliation of Movements in Shareholder's Funds
for the year ended 31 December 1996**

	1996 £'000	1995 £'000
Opening shareholder's funds	1,783	1,322
Issue of share capital	2,000	--
Total recognised (losses)/profits related to the year	(1,783)	461
Closing shareholder's funds	<u>2,000</u>	<u>1,783</u>

STRONGHOLD INSURANCE COMPANY LIMITED

Balance Sheet as at 31 December 1996

	Notes	1996 £'000	1995 £'000
Assets			
Investments			
Other financial investments	10	61,660	80,885
Deposits with ceding undertakings		<u>770</u>	<u>818</u>
		<u>62,430</u>	<u>81,703</u>
Reinsurers' share of technical provisions			
Claims outstanding	15	166,581	98,946
Debtors			
Debtors arising out of reinsurance operations	11,16	64,411	30,569
Other debtors	12	<u>509</u>	<u>-</u>
Called up share capital not paid		<u>2,000</u>	<u>-</u>
		<u>66,920</u>	<u>30,569</u>
Other assets			
Cash at bank and in hand		1,887	1,628
Prepayments and accrued income			
Accrued interest and rent		1,016	1,343
Other prepayments and accrued income		<u>49</u>	<u>47</u>
		<u>1,065</u>	<u>1,390</u>
Total assets		<u>298,883</u>	<u>214,236</u>

STRONGHOLD INSURANCE COMPANY LIMITED**Balance Sheet
as at 31 December 1996**

	Notes	1996 £'000	1995 £'000
Liabilities			
Capital and reserves			
Called up share capital	13	27,000	25,000
Profit and loss account	14	(25,000)	(23,217)
Shareholder's funds attributable to equity interests		<u>2,000</u>	<u>1,783</u>
Technical provisions			
Claims outstanding	15	247,615	198,517
Deposits received from reinsurers		9,046	9,489
Creditors			
Arising out of reinsurance operations		39,324	2,479
Amounts owed to credit institutions		—	231
Other creditors including taxation and social security	17	<u>838</u>	<u>1,627</u>
		<u>40,162</u>	<u>4,337</u>
Accruals and deferred income		60	110
Total liabilities		<u>298,883</u>	<u>214,236</u>



S J BLEASE
Director

11 April 1997



R E TOWNSEND
Director

STRONGHOLD INSURANCE COMPANY LIMITED

**Statement of Cash Flows
for the year ended 31 December 1996**

	Notes	1996 £'000	1995 £'000
Net cash outflow from operating activities	18	(10,233)	(3,402)
Taxation			
UK corporation tax repaid		—	1,239
Decrease in cash and cash equivalents	19	<u>(10,233)</u>	<u>(2,163)</u>
Cash flows were invested as follows:			
(Decrease)/increase in cash holdings		(5,163)	3,245
Net portfolio investment			
Fixed income securities		(5,070)	(5,408)
Net investment of cash flows		<u>(10,233)</u>	<u>(2,163)</u>

Movement in opening and closing portfolio investments

	1996 £'000	1995 £'000
Net cash outflow for the period	(5,163)	3,245
Cash flow: portfolio investments	(5,070)	(5,408)
Movement arising from cash flows	<u>(10,233)</u>	<u>(2,163)</u>
Changes in market values and exchange rates	(8,502)	9,438
Total movement in portfolio investments	<u>(18,735)</u>	<u>7,275</u>
Portfolio investments net of financing at 1 January	82,282	75,007
Portfolio investments net of financing at 31 December	<u>63,547</u>	<u>82,282</u>

STRONGHOLD INSURANCE COMPANY LIMITED

Notes to the Accounts

1 Premiums

Premium income relates to reinstatement premiums and is attributable to one activity, the transaction of general reinsurance business. The Company's activity is discontinued, underwriting having ceased in 1984, and involves the run-off of claims liabilities which will extend for an undefined period.

2 Claims incurred net of reinsurance

	Gross £'000	Reins. £'000	Net £'000
1996			
Claims paid	21,314	47,989	(26,675)
Claims handling expenses paid	<u>2,635</u>	<u>—</u>	<u>2,635</u>
	<u>23,949</u>	<u>47,989</u>	<u>(24,040)</u>
Outstanding claims carried forward	247,615	166,581	81,034
Outstanding claims brought forward	<u>181,004</u>	<u>89,903</u>	<u>91,101</u>
	<u>66,611</u>	<u>76,678</u>	<u>(10,067)</u>
Claims incurred	<u>90,560</u>	<u>124,667</u>	<u>(34,107)</u>
1995			
Claims paid	20,791	11,326	9,465
Claims handling expenses paid	<u>(123)</u>	<u>—</u>	<u>(123)</u>
	<u>20,668</u>	<u>11,326</u>	<u>9,342</u>
Outstanding claims carried forward	198,517	98,946	99,571
Outstanding claims brought forward	<u>202,607</u>	<u>106,723</u>	<u>95,884</u>
	<u>(4,090)</u>	<u>(7,777)</u>	<u>3,687</u>
Claims incurred	<u>16,578</u>	<u>3,549</u>	<u>13,029</u>

3 Claims handling expenses paid

Claims handling expenses paid include :

	1996 £'000	1995 £'000
Auditors' remuneration	21	28

4 Net operating expenses

	1996 £'000	1995 £'000
Acquisition costs		
— gross	4	3
— reinsurance	<u>(2)</u>	<u>(12)</u>
— net	<u>6</u>	<u>15</u>

Notes to the Accounts

5 Directors' emoluments

The total remuneration received by the Directors for the year is as follows:

	1996 £	1995 £
Fees	18,000	14,355
Other emoluments (including pension contributions)	<u>24,561</u>	<u>33,323</u>
	<u>42,561</u>	<u>47,678</u>

The emoluments of the Chairman, excluding pension contributions, amounted to £3,600. In 1995 the office of Chairman was held by two directors. The emoluments of each director, attributable to the period during which he was Chairman were £3,119 and £1,233 respectively.

The emoluments of the highest paid Director were £21,592 (1995 – £29,123) including remuneration for management services.

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1996 No.	1995 No.
£Nil – £5,000	5	8
£20,001 – £25,000	1	–
£25,001 – £30,000	–	1

Other emoluments, including pension contributions, were paid by a group undertaking.

The Company paid consideration of £78,556 (1995 – £35,322) to a group undertaking for the services of one director.

6 Investment income

	1996 £'000	1995 £'000
Income from other investments	4,162	5,143
Gains on the realisation of investments	<u>–</u>	<u>6,258</u>
	<u>4,162</u>	<u>11,401</u>

7 Investment expenses and charges

	1996 £'000	1995 £'000
Investment management expenses	85	78
Interest payable on reinsurance balances	291	413
Losses on the realisation of investments	<u>316</u>	<u>–</u>
	<u>692</u>	<u>491</u>

Notes to the Accounts

8 Taxation

No provision has been made in the accounts for corporation tax on the results for the year as a tax loss arises.

The credit for taxation in the profit and loss account comprises the following:

	1996 £'000	1995 £'000
Prior years' adjustment	—	(1)

9 Deferred taxation

No provision has been made in the accounts for deferred taxation.

Details of the full potential recovery for deferred taxation not provided are given below:

	1996 £'000	1995 £'000
Realisation of investments at values stated in the balance sheet	413	553
Short-term timing differences	(819)	(1,234)
	<u>(406)</u>	<u>(681)</u>

10 Investments

	Current value		Historical cost	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Other financial investments				
Debt securities and other fixed income securities	60,490	73,300	60,938	70,772
Deposits with credit institutions	<u>1,170</u>	<u>7,585</u>	<u>1,170</u>	<u>7,585</u>
	<u>61,660</u>	<u>80,885</u>	<u>62,108</u>	<u>78,357</u>

Included in the debt securities and other fixed income securities were :

Listed investments	60,490	73,300	60,938	70,772
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Certain of the Company's investments are deposited as security for reinsurance obligations with ceding companies or in countries outside the United Kingdom as required under local legislation.

The facility provided to the Company in respect of its letter of credit liabilities is secured by a charge over certain of the Company's investments in overseas government securities.

STRONGHOLD INSURANCE COMPANY LIMITED

Notes to the Accounts

11 Debtors arising out of reinsurance operations

	1996 £'000	1995 £'000
Amounts due from group undertakings	1,698	1,917
Amounts due from joint venture investors	46,308	13,441
Other debtors	16,405	15,211
	<u>64,411</u>	<u>30,569</u>

12 Other debtors

	1996 £'000	1995 £'000
Amounts due from group undertakings	<u>509</u>	<u>—</u>

13 Share capital

	1996 £'000	1995 £'000
<i>Authorised</i>		
Ordinary shares of £1 each	<u>30,000</u>	<u>25,000</u>
<i>Called up</i>		
Ordinary shares of £1 each	<u>27,000</u>	<u>25,000</u>

14 Shareholder's funds

	Share capital £'000	Profit & loss a/c £'000	Total £'000
1996			
Balance at 1 January	25,000	(23,217)	1,783
Increase in share capital	2,000	—	2,000
Currency translation differences on foreign currency net investment	—	(858)	(858)
Retained loss for the financial year	—	(925)	(925)
Balance at 31 December	<u>27,000</u>	<u>(25,000)</u>	<u>2,000</u>
1995			
Balance at 1 January	25,000	(23,678)	1,322
Currency translation differences on foreign currency net investment	—	146	146
Retained profit for the financial year	—	315	315
Balance at 31 December	<u>25,000</u>	<u>(23,217)</u>	<u>1,783</u>

Notes to the Accounts

15 Claims outstanding

	Gross £'000	Reins. £'000	Net £'000
1996			
Provision before discounting	345,914	266,218	79,696
Discounting adjustment	(106,333)	(99,637)	(6,696)
	<u>239,581</u>	<u>166,581</u>	<u>73,000</u>
Claims handling expenses	9,739		9,739
Discounting adjustment	(1,705)		(1,705)
	<u>8,034</u>	<u>—</u>	<u>8,034</u>
	<u>247,615</u>	<u>166,581</u>	<u>81,034</u>
1995			
Provision before discounting	223,531	116,230	107,301
Discounting adjustment	(31,984)	(17,284)	(14,700)
	<u>191,547</u>	<u>98,946</u>	<u>92,601</u>
Claims handling expenses	9,024		9,024
Discounting adjustment	(2,054)		(2,054)
	<u>6,970</u>	<u>—</u>	<u>6,970</u>
	<u>198,517</u>	<u>98,946</u>	<u>99,571</u>

The level of the gross technical provisions has been set on the basis of the information which is currently available, including potential outstanding loss advices, experience of development of similar claims and case law. The methods used, and estimates made, are reviewed regularly. The level of the related reinsurance recoveries is dependent upon both the accuracy of the estimated gross technical provisions and the ultimate ability to pay of the underlying security. The reinsurance recoveries are stated net of the provision for estimated future irrecoverable amounts. The level of the provision for claims handling expenses is dependent upon the settlement of gross technical provisions, collection of related reinsurance recoveries and changes in the factors influencing these.

Whilst the Directors consider that the gross provision for claims and the related reinsurance recoveries, together with the provision for claims handling expenses, are fairly stated on the basis of the information currently available to them, the ultimate net liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the technical provisions are reflected in the financial statements for the period in which the adjustments are made.

Technical provisions for the Casualty classes are included after taking into account the future attributable investment earnings at an assumed compound discount rate of 4% (1995 – 4%) per annum. The assumed settlement pattern for gross claim payments results in an average term for the liabilities of 9.30 years (1995 – 5.00 years). This settlement pattern has been derived from the historic development of claim payments appropriate for the types of claims within these classes, in particular those relating to environmental losses.

Notes to the Accounts

16 Excess of loss reinsurance arrangements

During 1993, an excess of loss reinsurance arrangement, protecting the Company for five years against the net assets falling below the Department of Trade and Industry Guarantee Fund requirement, was effected with the Norwich Union Fire Insurance Society Limited, Winterthur Swiss Insurance Company and the Chiyoda Fire & Marine Insurance Company Limited. The excess of loss cover is for \$50,000,000 with a provision for one reinstatement.

During the year, a claim of \$58,360,000 (1995 – Nil) was made under this arrangement, which was cancelled on 30 September 1996. The cumulative net balance resulting from this arrangement is to be settled during 1997. This balance has been included as a debtor in the balance sheet and is disclosed in Note 11.

On 1 October 1996 a new arrangement was entered into with European International Reinsurance Company, protecting the Company against any deterioration in its provision for claims outstanding, excluding claims handling expenses. The cover is for US\$142,900,000 in excess of US\$140,700,000. A provision for reinsurance recoveries under this arrangement has been included within the provision for claims outstanding.

17 Other creditors including taxation and social security

	1996 £'000	1995 £'000
Amounts due to group undertakings	—	707
Other creditors	838	920
	<u>838</u>	<u>1,627</u>

18 Reconciliation of result before tax to net cash flow from operating activities

	1996 £'000	1995 £'000
(Loss)/profit on ordinary activities before tax	(925)	314
Realised investment losses/(gains)	316	(6,258)
Unrealised investment losses/(gains)	655	(2,600)
(Decrease)/increase in provision for claims outstanding	(10,068)	3,687
Increase in debtors	(36,159)	(7)
Increase in creditors	35,544	2,453
Decrease/(increase) in deposits with ceding undertakings	30	(32)
Increase/(decrease) in deposits received from reinsurers	362	(951)
Realised exchange gains/(losses)	12	(8)
Net cash outflow from operating activities	<u>(10,233)</u>	<u>(3,402)</u>

STRONGHOLD INSURANCE COMPANY LIMITED

Notes to the Accounts

19 Movement in cash and portfolio investments

	At 1 Jan 1996	Cash flow	Changes to market value and currencies	At 31 Dec 1996
	£'000	£'000	£'000	£'000
Cash in hand and at bank	8,982	(5,163)	(762)	3,057
Fixed income securities	73,300	(5,070)	(7,740)	60,490
Balance at end of year	<u>82,282</u>	<u>(10,233)</u>	<u>(8,502)</u>	<u>63,547</u>

20 Segmental information

	1996 £'000	1995 £'000
<i>Technical account</i>		
Gross premiums earned	175	290
Gross claims incurred	(90,560)	(16,578)
Gross operating expenses	(4)	(3)
Gross technical result	<u>(90,389)</u>	<u>(16,291)</u>
Reinsurance balance	86,649	3,095
Net technical result	<u>(3,740)</u>	<u>(13,196)</u>

All premiums relate to general reinsurance business concluded in the United Kingdom.

21 Related parties

Companies treated as related parties of the Company for disclosure purposes under Financial Reporting Standard 8, together with the nature of the relationship, are listed below :

Group undertakings

Norwich Winterthur Holdings Limited – ultimate parent undertaking
 NW Reinsurance Corporation Limited – immediate parent undertaking
 Cavell Management Services Limited – fellow subsidiary undertaking

Joint venture investors

Norwich Union Holdings p.l.c.
 Winterthur Swiss Insurance Company Limited
 The Chiyoda Fire & Marine Insurance Company (Europe) Limited

Joint venture investors represent the shareholders of the ultimate parent undertaking, and also include companies related to the joint venture investors listed above who enter into transactions with the Company as a consequence of that relationship.

Notes to the Accounts

22 Related party transactions

The following transactions with related parties were undertaken during the year :

	£'000
Purchase of services from group undertakings	929
Purchase of services from joint venture investors	79
Reinsurance arrangement with joint venture investors	see Note 16
Emoluments paid to Directors	see Note 5

23 Holding company

The Company is a subsidiary undertaking of NW Reinsurance Corporation Limited, which is a subsidiary of the ultimate parent undertaking, Norwich Winterthur Holdings Limited. Both companies are registered in England and copies of their accounts can be obtained from Norwich Winterthur House, Rose Lane, Norwich NR1 1JY, England.

On 14 April 1997 the Norwich Winterthur Group will dispose of its shareholding in the Company.