

FINSURE PREMIUM FINANCE LIMITED

ANNUAL REPORT 1997

Registration No. 1670887



FINSURE PREMIUM FINANCE LIMITED

DIRECTORS' REPORT

The Directors submit their report and accounts for the year to December 31, 1997.

Results and dividends

The profit on ordinary activities after taxation amounted to £44,000 (1996 - £16,000).

The Directors do not recommend the payment of a final dividend.

Review of the business and future developments

The company's principal activity during the period was the provision of insurance premium finance facilities to insurance brokers and companies. The Directors anticipate that this business will continue to grow strongly during 1998.

Directors and their interests

The Directors who served during the year were as follows:

R M P Richards	(resigned June 26, 1997)
J Carrier	
P M Bunker	

No Director had, at any time during the period, any interest in the shares of this company.

Payment of suppliers

It is the practice of the company to pay all suppliers within the terms of credit agreed with each supplier.

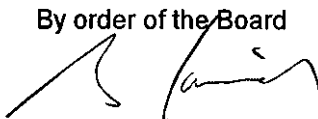
Post balance sheet events

There have been no significant post balance sheet events.

Auditors

Ernst & Young have expressed their willingness 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



P B Cassidy
Secretary
July 22, 1998.

FINSURE PREMIUM FINANCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the Directors to prepare accounts for each financial year which 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 those accounts, 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 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 to 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.

FINSURE PREMIUM FINANCE LIMITED

REPORT OF THE AUDITORS

to the members of Finsure Premium Finance Limited

We have audited the accounts on pages 4 to 8, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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.

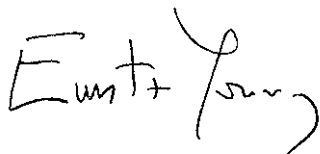
Basis of opinion

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.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at December 31, 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

22 | 7 | 1998.

FINSURE PREMIUM FINANCE LIMITED

PROFIT AND LOSS ACCOUNT **Year ended December 31, 1997**

	<u>Notes</u>	<u>31.12.97</u> <u>£'000</u>	9 month period ended <u>31.12.96</u> <u>£'000</u>
Turnover	2	815	6
Administrative expenses		627	13
		<hr/>	<hr/>
Operating profit/(loss)		188	(7)
Interest receivable		4	19
Interest payable to parent undertaking		133	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	59	12
Taxation charge / (credit)	4	15	(4)
		<hr/>	<hr/>
Retained profit for the financial year		44	16
Retained loss brought forward		(13)	(29)
		<hr/>	<hr/>
Retained profit/(loss) carried forward		31	(13)
		<hr/>	<hr/>

All activities dealt with in the profit and loss account relate to continuing activities.

There are no recognised gains and losses other than the profit for the year.

FINSURE PREMIUM FINANCE LIMITED

BALANCE SHEET **at December 31, 1997**

	<u>Notes</u>	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
Current assets			
Premium finance loans		7,067	-
Other debtors	5	48	62
Cash at bank and in hand		-	2
		<hr/> 7,115	<hr/> 64
Creditors: amounts falling due within one year			
Prepaid rentals		-	2
Amounts due to parent undertaking		5,327	65
Other creditors	6	1,734	10
Bank overdraft		23	-
		<hr/> 7,084	<hr/> 77
Net current assets/(liabilities)		<hr/> 31	<hr/> (13)
Capital and reserves:			
Called up share capital	7	-	-
Profit and loss account		31	(13)
Shareholder's funds (equity interests)	8	<hr/> 31	<hr/> (13)

These accounts were approved by the Board of Directors on

On behalf of the Board

J CARRIER

P M BUNKER

Directors

July 22, 1998.

FINSURE PREMIUM FINANCE LIMITED

NOTES TO THE ACCOUNTS

Year ended December 31, 1997

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with section 226 of and schedule 4 to the Companies Act 1985 and with applicable accounting standards. The going concern basis is considered appropriate as the company's parent undertaking has agreed to provide sufficient finance to enable the company to meet its liabilities as they fall due.

Turnover

Credit interest is accounted for in the period in which loans are processed; a provision for unearned credit interest is made based on the reducing capital balances outstanding on loans.

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that tax will be payable.

Cash flow statements

As permitted by Financial Reporting Standard No. 1 (revised), a cash flow statement is not presented in these accounts as the company is a wholly owned subsidiary of Skandia Insurance Company Limited (publ), the consolidated accounts of which are publicly available.

2. Turnover

	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
Lease rentals receivable	12	6
Net earnings from premium finance loans	<u>803</u>	<u>-</u>
	<u>815</u>	<u>6</u>

All the above income is derived in the UK.

3. Profit on ordinary activities before taxation

There is no charge in the accounts either for auditor's remuneration or for directors' emoluments as these costs are borne by the parent undertaking.

The company has no employees.

4. Taxation

	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
Group relief - current year @ 31.5%	13	(3)
Group relief - prior year @ 33%	2	(1)
	<u>15</u>	<u>(4)</u>

FINSURE PREMIUM FINANCE LIMITED

NOTES TO THE ACCOUNTS (continued) **Year ended December 31, 1997**

5. Other debtors

	<u>1997</u> £'000	<u>1996</u> £'000
Amounts falling due in:		
Less than one year	10	62
One to two years	10	-
Two to five years	<u>28</u>	<u>-</u>
	<u>48</u>	<u>62</u>

6. Other creditors

	<u>1997</u> £'000	<u>1996</u> £'000
Due to insurance companies	1,020	-
Accruals	644	10
Group relief	<u>70</u>	<u>-</u>
	<u>1,734</u>	<u>10</u>

7. Share capital

	<u>1997</u> £'000	<u>1996</u> £'000
Authorised		
100 ordinary shares of £1 each	-	-
<u>Allotted, called up and fully paid</u>		
100 ordinary shares of £1 each	-	-

8. Reconciliation of movement in shareholder's funds

	Share capital £'000	Profit and loss account £'000	Total £'000
At January 1, 1996	-	(29)	(29)
Profit for the year	-	<u>16</u>	<u>16</u>
At December 31, 1996	-	(13)	(13)
At January 1, 1997	-	(13)	(13)
Profit for the year	-	<u>44</u>	<u>44</u>
At December 31, 1997	-	<u>31</u>	<u>31</u>

9. Related party transactions

Group relief

The company has arrangements with Skandia (UK) Holdings Limited and fellow subsidiaries of Skandia (UK) Holdings Limited to surrender, or accept surrender of, tax losses in accordance with the group relief provisions of the taxation acts. The total charge for the year in respect of group relief is disclosed in note 4.

FINSURE PREMIUM FINANCE LIMITED

NOTES TO THE ACCOUNTS (continued) **Year ended December 31, 1997**

10. Capital commitments

The company had no contracted capital commitments at December 31, 1997 (1996 - £Nil).

11. Contingent liabilities

There were no contingent liabilities at December 31, 1997 (1996 - £Nil).

12. Ultimate and intermediate parent undertakings

The ultimate parent undertaking is Skandia Insurance Company Limited (publ), a company incorporated in Sweden.

The parent undertaking of the largest group of undertakings for which group accounts are drawn up of which the company is a member is the Skandia Insurance Company Limited and the parent undertaking of the smallest such group is The National Insurance and Guarantee Corporation PLC which is registered in England and Wales. Copies of the accounts of Skandia Insurance Company Limited (publ) are available from Crown House, 145 City Road, London, EC1V 1LP.