

Registered in England number 2515130

**BANKERS INSURANCE SERVICE  
COMPANY LIMITED**

**DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS**

**31 DECEMBER 1999**



**BANKERS INSURANCE SERVICE COMPANY LIMITED**

**YEAR ENDED 31 DECEMBER 1999**

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**COMPANY INFORMATION**

Directors:	T Anderson	(Managing Director)
	J Leslie	(Sales and Marketing Director)
	D J le Fleming	(Finance Director and Secretary)

Registered Office: St. John's Place  
Easton Street  
High Wycombe  
Bucks HP11 1NL

Registered Number: 2515130

Auditors: PricewaterhouseCoopers  
Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

Solicitors: Lovells  
65 Holborn Viaduct  
London  
EC1A 2DY

Bankers: Barclays Bank Plc  
Thames Valley Corporate Banking Centre  
PO Box 2481  
60 Queens Road  
Reading  
Berkshire  
RG1 4XX

**BANKERS INSURANCE SERVICE COMPANY LIMITED**

**YEAR ENDED 31 DECEMBER 1999**

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<b>CONTENTS</b>	<b>Page</b>
Report of the Directors .....	2 - 3
Report of the Auditors .....	4
Profit and Loss Account .....	5
Balance Sheet .....	6
Notes to the Financial Statements .....	7 - 12

## **BANKERS INSURANCE SERVICE COMPANY LIMITED**

**YEAR ENDED 31 DECEMBER 1999**

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### **REPORT OF THE DIRECTORS**

The directors present their report and the financial statements for the year ended 31 December 1999.

### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the company is the provision of office space, personnel, administration, accounting and computing services to other group undertakings.

The directors consider the current level of activity to be satisfactory and intend to continue the business at a level which is in accordance with agreements between the company and its clients.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements 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 financial statements, 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the financial statements comply with the above requirements.

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 financial statements 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.

### **RESULTS AND DIVIDENDS**

The results for the year ended 31 December 1999 and the state of the company's affairs at that date are shown in the attached financial statements. The retained profit of the year of £203,000 (1998: £35,000) has been taken to reserves. The directors do not recommend the payment of a dividend.

### **SHARE CAPITAL**

Details of share capital are given in note 10 to the financial statements.

### **TANGIBLE ASSETS**

Details of fixed assets are given in note 6 to the financial statements.

**BANKERS INSURANCE SERVICE COMPANY LIMITED**

**YEAR ENDED 31 DECEMBER 1999**

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**REPORT OF THE DIRECTORS (CONTINUED)**

**DIRECTORS AND THEIR INTERESTS**

The directors set out below have held office during the whole of the period from 1 January 1999 to the date of this report unless otherwise stated.

T Anderson	
D J le Fleming	
J Leslie	(appointed 30 March 2000)
M Ray	(resigned 30 March 2000)
E Fruithandler	(resigned 30 June 1999)

No directors held any interest in the shares of the Company throughout the period 1 January 1999 to 31 December 1999.

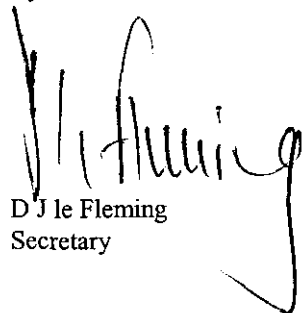
**YEAR 2000**

No significant issues have arisen as a result of the Year 2000 date change. However, given the nature and scale of the problem, it is not yet possible for any organisation to be certain that it will not be affected by failures due to the Year 2000 date change, even when its own systems are fully compliant.

**AUDITORS**

The Company has elected, in accordance with Section 379A of the Companies Act 1985, to dispense with the obligation to appoint auditors annually. The auditors PricewaterhouseCoopers have indicated their willingness to remain in office.

By Order of the Board



D J le Fleming  
Secretary

27 June 2000

**BANKERS INSURANCE SERVICE COMPANY LIMITED**

**YEAR ENDED 31 DECEMBER 1999**

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**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
BANKERS INSURANCE SERVICE COMPANY LIMITED**

We have audited the financial statements on pages 5 to 12 which have been prepared in accordance with the accounting policies set out on pages 7 to 8.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

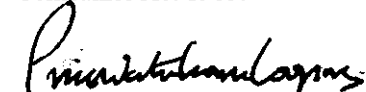
**Basis of opinion**

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors 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 give a true and fair view of the state of affairs of the Company as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and  
Registered Auditors

27 June 2000

Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

**BANKERS INSURANCE SERVICE COMPANY LIMITED**

**YEAR ENDED 31 DECEMBER 1999**

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**PROFIT AND LOSS ACCOUNT**

		<b>1999</b>	<b>1998</b>
	<i>Notes</i>	<b>£000</b>	<b>£000</b>
Turnover		4,344	3,473
Administrative Expenses	2	(4,141)	(3,438)
Operating profit		203	35
Profit on ordinary activities before and after taxation		203	35
Retained profit brought forward		182	147
Retained profit carried forward		385	182

There were no gains or losses recognised during the year other than those included in the profit and loss account above. All amounts in the profit and loss account relate to continuing operations.

As there are no material differences between the results as described in the profit and loss account above and the results on a historic cost basis, no note of historical cost profits and losses for the year is given.

The notes on pages 7 to 12 form an integral part of these financial statements.

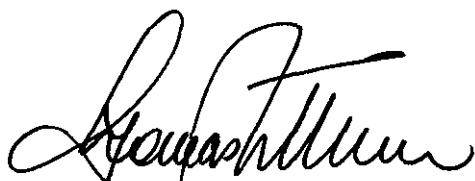
**BANKERS INSURANCE SERVICE COMPANY LIMITED**

**YEAR ENDED 31 DECEMBER 1999**

**BALANCE SHEET**

	NOTES	1999 £000	1998 £000
<b>FIXED ASSETS</b>			
Tangible Assets	6	<u>323</u>	<u>490</u>
		<u>323</u>	<u>490</u>
<b>CURRENT ASSETS</b>			
Debtors	7	1,027	252
Cash at bank and in hand		<u>-</u>	<u>12</u>
		1,027	264
CREDITORS: amounts falling due within one year	8	<u>(964)</u>	<u>(571)</u>
NET CURRENT ASSETS/(LIABILITIES)		63	(307)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>386</u>	<u>183</u>
<b>CAPITAL AND RESERVES</b>			
Share Capital	10	1	1
Profit and Loss Account	11	<u>385</u>	<u>182</u>
		<u>386</u>	<u>183</u>

The financial statements on pages 5 to 12 were approved by the Board of Directors on 27 June 2000 and signed on their behalf by:



T Anderson, Managing Director

The notes on pages 7 to 12 form an integral part of these financial statements.



**BANKERS INSURANCE SERVICE COMPANY LIMITED**

**YEAR ENDED 31 DECEMBER 1999**

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**NOTES TO THE FINANCIAL STATEMENTS**

**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards.

**a) Basis of Accounting**

The financial statements are prepared under the historical cost convention.

**b) Turnover**

Turnover represents the amounts invoiced, excluding value added tax, in respect of supplies of services to clients. All turnover related to work carried out in the United Kingdom.

**c) Investment Income**

Investment income is accounted for on the accruals basis.

**d) Taxation**

Corporation tax is provided at the current rate of taxation on the result for the year as adjusted for items of income and expenditure which are disallowable for taxation purposes.

**e) Deferred Taxation**

Provision is made at the current rate of taxation to take account of timing differences which exist between the treatment of certain items for accounting purposes and their treatment for taxation purposes, except to the extent that the directors consider it reasonable to assume that such timing differences will continue in the future.

**f) Tangible Assets**

Expenditure above a de minimis amount on office furniture, equipment, fixtures and fittings and computer hardware is capitalised.

During the year, the amount over which expenditure on software is capitalised was revised from £500 to the equivalent of 500,000 US dollars.

Depreciation is provided on a straight-line basis over the estimated useful life of the asset.

Office Furniture	10 years
Office Equipment	5 years
Fixtures and Fittings	5 years
Computer Hardware and Software	3 years

**YEAR ENDED 31 DECEMBER 1999**

## 1. ACCOUNTING POLICIES (CONTINUED)

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

The company operates a portable defined contribution pension scheme, the assets of which are invested in a managed fund and are completely separate from the assets and business of the company. The scheme is funded partly by its members and partly by the company at a rate established by the company. The company contributions are expensed and paid in the period in which they are incurred.

As the company is a wholly owned undertaking, it has taken advantage of the exemption granted under Financial Reporting Standard 1 (Revised) ("Cash Flow Statements"), and a cash flow statement has not been prepared.

Operating profit is stated after charging:

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
Auditors remuneration:		
Audit fees	50	43
Fees for non audit services – Taxation advice	45	34
Operating lease rentals – Plant and machinery	84	95
– Other operating leases	187	173
Depreciation	256	292

The Company has borne the audit fees and expenses for all companies in the UK group.

**BANKERS INSURANCE SERVICE COMPANY LIMITED****YEAR ENDED 31 DECEMBER 1999****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. STAFF COSTS**

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
Wages and Salaries	1,725	1,512
Social Security	145	142
Other pension Costs	<u>94</u>	<u>94</u>
	<u><b>1,964</b></u>	<u><b>1,748</b></u>

The average number of persons including executive directors employed by the company during the year was as follows:

	<b>1999</b>	<b>1998</b>
	<b>Number</b>	<b>Number</b>
Claims	7	10
Executive & Finance	14	14
Information Services	6	7
Marketing	8	9
Operations	<u>17</u>	<u>16</u>
	<u><b>52</b></u>	<u><b>56</b></u>

**4. DIRECTORS' EMOLUMENTS**

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
Emoluments paid to directors	251	266
Pension Contributions	<u>16</u>	<u>14</u>
	<u><b>267</b></u>	<u><b>280</b></u>

The emoluments of directors disclosed above include amounts attributable to the highest paid director in each year of:

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
Emoluments	107	101
Pensions Contributions	9	8

**BANKERS INSURANCE SERVICE COMPANY LIMITED****YEAR ENDED 31 DECEMBER 1999****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****5. TAXATION**

Taxation chargeable on profits for the year is nil (1998:nil).

The deferred tax asset not provided for in respect of timing differences, including accelerated capital allowances, amounts to £172,000 (1998: £159,000)

**6. TANGIBLE FIXED ASSETS**

	<b>Office Equipment</b>	<b>Fixtures &amp; Fittings</b>	<b>Furniture</b>	<b>Computer Hardware &amp; Software</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>					
At 1 January 1999	126	331	129	1,187	1,773
Additions	16	12	16	155	199
Write off	(11)	(65)	-	(1,001)	(1,077)
At 31 December 1999	131	278	145	341	895
<b>Depreciation</b>					
At 1 January 1999	75	224	50	934	1,283
Charge for the year	25	55	14	162	256
Write off	(10)	(65)	(2)	(890)	(967)
At 31 December 1999	90	214	62	206	572
<b>Net Book Value</b>					
At 31 December 1999	41	64	83	135	323
At 31 December 1998	51	107	79	253	490

**BANKERS INSURANCE SERVICE COMPANY LIMITED****YEAR ENDED 31 DECEMBER 1999****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****7. DEBTORS**

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
Amounts owed by group undertakings	813	121
Other debtors	79	21
Prepayments and accrued income	135	110
	<u>1,027</u>	<u>252</u>

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	32	-
Amounts owed to group undertakings	219	42
Other creditors including taxation and social security	46	62
Accruals and deferred income	667	467
	<u>964</u>	<u>571</u>

**9. OBLIGATIONS UNDER OPERATING LEASES**

Annual commitments payable in the next year are as follows:

	<b>Leases expiring within one year</b>	<b>Leases expiring within two to five years</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Land and buildings	-	187	187
Other operating leases	16	36	52
	<u>16</u>	<u>223</u>	<u>239</u>

**BANKERS INSURANCE SERVICE COMPANY LIMITED**

**YEAR ENDED 31 DECEMBER 1999**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10. SHARE CAPITAL**

The authorised, allotted, issued and fully paid share capital of the company comprises £1,000 (1998 : £1,000) in shares of £1 each.

**11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	1999 £000	1998 £000
Retained profit for the financial year	203	35
Shareholders' funds at beginning of year	183	148
Shareholders' funds at end of year	<u>386</u>	<u>183</u>

**12. PENSIONS AND SIMILAR OBLIGATIONS**

The charge against profit of £94,000 (1998: £94,000) is the amount of contributions payable to the pension scheme by the company in respect of the accounting period. There are no outstanding or prepaid contributions.

**13. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS**

The immediate parent undertaking is Bankers Insurance Company Limited, a company registered in England and Wales.

The Company's ultimate holding undertaking is Fortis N.V., a company incorporated in the Netherlands jointly owned by Fortis (NL) N.V., incorporated in the Netherlands, and Fortis B, incorporated in Belgium.

Copies of the above accounts can be obtained from the Company Secretary, Assurant Group Limited, St. John's Place, Easton Street, High Wycombe, Buckinghamshire, HP11 1NL.

**14. RELATED PARTY TRANSACTIONS**

As the company is a wholly owned undertaking it has taken advantage of the exemption granted under Financial Reporting Standard 8 ("Related Party Transaction") whereby subsidiary undertakings do not have to disclose transactions with group undertakings qualifying as related parties provided that consolidated financial statements are made publicly available.