

**BANKERS INSURANCE SERVICE
COMPANY LIMITED**

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

31 DECEMBER 2000



BANKERS INSURANCE SERVICE COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2000

COMPANY INFORMATION

Directors:	S C Lemasters	(Managing Director)
	D J le Fleming	(Finance and Operations Director and Secretary)
	J Leslie	(Sales and Marketing Director)
	S Patfield	(Actuarial and Information Director)

Registered Office: 117 – 119 Whitby Road
Slough
Berkshire
SL1 3DR

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 2000

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BANKERS INSURANCE SERVICE COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2000

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31 December 2000.

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 2000 and the state of the company's affairs at that date are set out in the financial statements on pages 5 to 12. The retained profit of the year of £160,000 (1999: £203,000) 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 2000

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 2000 to the date of this report unless otherwise stated.

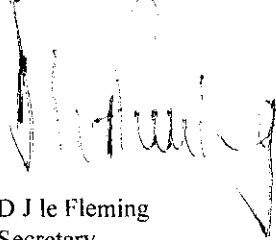
<i>D J le Fleming</i>	
S C Lemasters	(appointed 19 October 2000)
J Leslie	(appointed 30 March 2000)
S Patfield	(appointed 27 June 2000)
T Anderson	(resigned 19 October 2000)
M Ray	(resigned 30 March 2000)

No directors held any interest in the shares of the Company throughout the period 1 January 2000 to 31 December 2000.

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

22 June 2001

BANKERS INSURANCE SERVICE COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2000

**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 2000 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

Southwark Towers
32 London Bridge Street
London
SE1 9SY

22 June 2001

BANKERS INSURANCE SERVICE COMPANY LIMITED**YEAR ENDED 31 DECEMBER 2000**

PROFIT AND LOSS ACCOUNT

		2000	1999
	<i>Notes</i>	£000	£000
Turnover		5,561	4,344
Administrative Expenses	2	(5,315)	(4,141)
Operating profit		246	203
Profit on ordinary activities before taxation		246	203
Tax on profit on ordinary activities	5	(86)	-
Profit on ordinary activities after tax		160	203
Retained profit brought forward		385	182
Retained profit carried forward		545	385

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 2000****BALANCE SHEET**

	NOTES	2000 £000	1999 £000
FIXED ASSETS			
Tangible Assets	6	789	323
		<u>789</u>	<u>323</u>
CURRENT ASSETS			
Debtors	7	1,975	1,027
Cash at bank and in hand		75	-
		<u>2,050</u>	<u>1,027</u>
CREDITORS: amounts falling due within one year	8	<u>(2,293)</u>	<u>(964)</u>
NET CURRENT (LIABILITIES)/ASSETS		(243)	63
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>546</u>	<u>386</u>
CAPITAL AND RESERVES			
Share Capital	10	1	1
Profit and Loss Account		545	385
	11	<u>546</u>	<u>386</u>

The financial statements on pages 5 to 12 were approved by the Board of Directors on 22 June 2001 and signed on their behalf by:



S Patfield, 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 2000

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.

Expenditure on software is capitalised if it exceeds 500,000 US dollars.

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

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

BANKERS INSURANCE SERVICE COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

g) Leasing

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

h) Pension Fund

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.

i) Cash Flow Statement

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.

2. OPERATING PROFIT

Operating profit is stated after charging:

	2000	1999
	£000	£000
Auditors remuneration:		
Audit fees	52	50
Fees for non audit services – Taxation advice	24	45
Operating lease rentals – Other operating leases	298	271
Depreciation	149	256

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 2000****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. STAFF COSTS**

	2000	1999
	£000	£000
Wages and Salaries	2,089	1,725
Social Security	161	145
Other pension Costs	83	94
	<u>2,333</u>	<u>1,964</u>

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

	2000	1999
	Number	Number
Claims	4	7
Executive & Finance	16	14
Information Services	6	6
Marketing	6	8
Operations	20	17
	<u>52</u>	<u>52</u>

4. DIRECTORS' EMOLUMENTS

	2000	1999
	£000	£000
Emoluments paid to directors	374	251
Pension Contributions	25	16
	<u>399</u>	<u>267</u>

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

	2000	1999
	£000	£000
Emoluments	120	107
Pensions Contributions	10	9

BANKERS INSURANCE SERVICE COMPANY LIMITED**YEAR ENDED 31 DECEMBER 2000****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****5. TAXATION**

UK Corporation tax at 30% (1999: 30%) has been provided for, giving a total charge for the year, after group relief, of £86,000 (1999: nil).

The deferred tax asset not provided for in respect of timing differences, including accelerated capital allowances, amounts to £259,000 (1999: £172,000)

6. TANGIBLE FIXED ASSETS

	Office Equipment	Fixtures & Fittings	Furniture	Computer Hardware & Software	Total
	£000	£000	£000	£000	£000
Cost					
At 1 January 2000	131	278	145	341	895
Additions	-	300	179	246	725
Written off	(65)	(278)	(134)	(42)	(519)
At 31 December 2000	66	300	190	545	1,101
Depreciation					
At 1 January 2000	90	214	62	206	572
Charge for the year	15	27	15	92	149
Written off	(65)	(238)	(67)	(39)	(409)
At 31 December 2000	40	3	10	259	312
Net Book Value					
At 31 December 2000	26	297	180	286	789
At 31 December 1999	41	64	83	135	323

BANKERS INSURANCE SERVICE COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. DEBTORS

	2000	1999
	£000	£000
Amounts owed by group undertakings	1,809	813
Other debtors	88	79
Prepayments and accrued income	78	135
	<u>1,975</u>	<u>1,027</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£000	£000
Bank loans and overdrafts	-	32
Amounts owed to group undertakings	422	219
Other creditors including taxation and social security	178	46
Accruals and deferred income	1,607	667
Corporation Tax	86	-
	<u>2,293</u>	<u>964</u>

9. OBLIGATIONS UNDER OPERATING LEASES

Annual commitments payable in the next year are as follows:

	Leases expiring within one year £000	Leases expiring within two to five years £000	Leases expiring Over five years £000	Total £000
Land and buildings	-	-	276	276
Other operating leases	2	57	-	59
	<u>2</u>	<u>57</u>	<u>276</u>	<u>335</u>

BANKERS INSURANCE SERVICE COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. SHARE CAPITAL

The authorised, allotted, issued and fully paid share capital of the company comprises £1,000 (1999 : £1,000) in shares of £1 each.

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2000	1999
	£000	£000
Retained profit for the financial year	160	203
Shareholders' funds at beginning of year	386	183
Shareholders' funds at end of year	<u>546</u>	<u>386</u>

12. PENSIONS AND SIMILAR OBLIGATIONS

The charge against profit of £83,000 (1999: £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, 117 – 119 Whitby Road, Slough, SL1 3DR.

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.