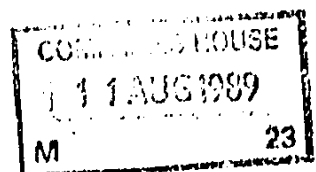


NORWICH WINTERTHUR HOLDINGS LIMITED

REPORT & ACCOUNTS
1988

1095628



NORWICH WINTERTHUR HOLDINGS LIMITED

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NORWICH WINTERTHUR HOLDINGS LIMITED

DIRECTORS

M.G. Falcon CBE DL (British) - Chairman
P. Spälti (Swiss) - Deputy Chairman
A. Bridgewater (British)
R. Henggeler (Swiss)
F.J. Kennedy (British)
P.O. Shoridan (British)
H.R. Strickler (Swiss)
T. Toyabe (Japanese) - Alternate: T. Tanikawa (Japanese)
H.J. Vollenweider (Swiss)

GROUP MANAGEMENT

N.W. Evers ACII, General Manager
Norwich Winterthur Reinsurance Corporation Limited

J.A. Gilmour FCII, General Manager
Norwich Winterthur Overseas Limited

Corporate Secretary
R.E. Townsend FCIS FCII

AUDITORS

Ernst & Whinney

REGISTERED OFFICE

Norwich Winterthur House, Rose Lane,
Norwich, NR1 1JY, England.

NORWICH WINTERTHUR HOLDINGS LIMITED

REPORT OF THE DIRECTORS

The Directors submit their Report and the Consolidated Accounts of the Group for the year ended 31st December 1988.

DIRECTORS

The names of the Directors at the date of this Report appear on page 2. The Directors listed served throughout the year, with the exception of Mr. P.O. Sheridan who was appointed on 8th December 1988. In addition, Mr. V.W. Hughff served on the Board until he resigned on 7th December 1988.

Mr. T. Tanikawa was appointed alternate Director to Mr. T. Toyabe on 12th April 1989, replacing Mr. M. Jibiki who resigned on the same date.

According to the Register kept for the purpose of the Companies Act 1985, no Director has any beneficial interest in the shares of the companies within the Group.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company whose principal subsidiary and associated companies are engaged in the transaction of non-life insurance business including the acceptance of reinsurance.

SHARE CAPITAL

At an Extraordinary General Meeting of the Company held on 7th December 1988, the authorised share capital was increased to £55,000,000 by the creation of 1,000,000 ordinary shares of £1 each. On 30th December 1988, 7,500,000 ordinary shares of £1 each were allotted at par to existing 'A', 'B' and 'C' shareholders.

RESULTS AND DIVIDENDS

After allowing for taxation there was a Group profit for the year of £7,497,000 (1987 - £5,446,000). The Directors recommend the payment of a dividend of £1,000,000 (1987 - £750,000) for the year.

FIXED ASSETS

Movements in tangible fixed assets are shown in Note 13 on Page 19.

CHARITABLE DONATIONS

Charitable donations totalling £4,662 (1987 - £3,300) were made during the year.

EMPLOYEES

The average number of staff employed by the Group in the UK during 1988 was 224 (1987 - 218) and the aggregate remuneration paid or payable in respect of those employees during the year was £3,994,322 (1987 - £3,524,512).

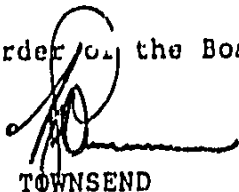
NORWICH WINTERTHUR HOLDINGS LIMITED

REPORT OF THE DIRECTORS - CONTINUED

AUDITORS

Ernst & Whinney have expressed their willingness to continue in office as Auditors and a resolution will be submitted at the Annual General Meeting proposing their re-appointment and authorising the Directors to fix their remuneration.

By Order of the Board,



R.E. TOWNSEND
Secretary

3rd July 1989

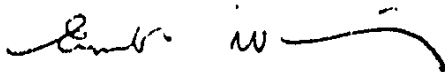
NORWICH WINTERTHUR HOLDINGS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF NORWICH WINTERTHUR HOLDINGS LIMITED

We have audited the accounts set out on pages 6 to 21 in accordance with approved auditing standards. The accounts have been prepared under the historical cost convention as explained in the Statement of Accounting Policies.

In our opinion the accounts:

1. in relation to the two United Kingdom insurance companies, comply with the provisions of the Companies Act 1985 applicable to insurance companies, and,
2. in relation to the rest of the Group, give a true and fair view of the state of affairs of the Company and of the Group at 31st December 1988 and of the profit, changes in retained profits and source and application of funds of the Group for the year then ended and comply with the Companies Act 1985.



ERNST & WHINNEY
Chartered Accountants
Norwich

3rd July 1989

STATEMENT OF ACCOUNTING POLICIES

(a) BASIS OF CONSOLIDATION

The financial statements comprise:

- (i) the Balance Sheet of the holding company, Norwich Winterthur Holdings Limited, and
- (ii) the Consolidated Profit and Loss Account, Balance Sheet and Statement of source and application of funds incorporating the audited financial statements of all its subsidiary companies which have been prepared in compliance with Section 259 of and Schedule 9 to the Companies Act 1985.

The Group's share of profits of associated companies is included in the Consolidated Profit and Loss Account and its share of all other reserves of associated companies are included in the capital reserve.

All the subsidiary companies have a 31st December year end with the exception of Norwin (Workers Compensation) (NSW) Limited, a wholly owned subsidiary of Norwich Winterthur Overseas Limited, whose accounts were prepared to 30th June 1988 as required under the Australian state legislation.

(b) ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention except for investments and fixed assets which have been valued as stated in (d) and (e) below.

(c) DISCLOSURE REQUIREMENTS

U.K. insurance companies which are members of the Group avail themselves of certain of the exemptions from the disclosure requirements of the Companies Act that are applicable to insurance companies under Part III, Schedule 9 of the Companies Act 1985, including those relating to provisions and reserves. These companies' reported results exclude gains and losses on the realisation of investments, less taxation thereon, and certain exchange adjustments, which are dealt with through their investment reserves. These companies are described in the notes to these accounts as "exempt companies". Similar transactions arising in the non-exempt companies are treated in a like manner in the Group accounts. Whilst this treatment is not in accordance with Statement of Standard Accounting Practice Number 6 it is, in the opinion of the Directors, more appropriate.

STATEMENT OF ACCOUNTING POLICIES - CONTINUED

(d) VALUATION OF INVESTMENTS

- (i) The Group's investments are stated at market value after exchange adjustments where appropriate. Listed securities are taken at middle market value after adjustments for accrued interest and other investments are shown at Directors' valuation.
- (ii) In the accounts of the holding company, shares in subsidiaries are stated at net asset value.
- (iii) Shares in associated companies are stated at the Group's share of net asset value.

(e) FIXED ASSETS

Leasehold property is amortised over fifty years and is stated in the Balance Sheet at cost or valuation less amounts written off. Other fixed assets are depreciated on a straight line basis over an appropriate period and are shown in the Balance Sheets at cost less amount written off.

(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.

(g) INSURANCE FUNDS

Insurance funds comprise provisions for unearned premiums, outstanding claims, and claims incurred but not reported. The adequacy of the funds is considered annually, and provision is made for the estimated future development of all business. Any difference between provisions at the balance sheet date and settlements and provisions in the following year is included in the underwriting results for that year.

One subsidiary, Stronghold Insurance Company Limited, experiences significant delays in notification and settlement of claims for Casualty Classes. Therefore, the ultimate cost cannot be known with certainty at the balance sheet date. The insurance funds for these classes are included after taking into account the estimated cost of future claims handling expenses and future attributable investment earnings at an assumed compound discount rate of 6% per annum. This discount rate and the assumed settlement pattern for claim payments results in a mean term for the liabilities of 4.25 years.

NORWICH WINTERTHUR HOLDINGS LIMITED

STATEMENT OF ACCOUNTING POLICIES - CONTINUED

(h) CAPITAL RESERVE

Capital reserve includes appreciation and depreciation of investments, profits and losses on realisation of investments and exchange, and transfers to and from profit and loss account, after taking account of taxation where appropriate. Premium on acquisition of subsidiaries and associated companies has been written off against this reserve.

(i) TURNOVER

The turnover of the Group comprises the premium income of the Group's insurance companies less reinsurances, and other insurance related revenue.

(j) DIVIDENDS AND INTEREST

Dividends and interest include dividends due and receivable in the year and interest on an accruals basis.

(k) UNDERWRITING RESULTS

The profits and losses consolidated within the accounts have been computed in accordance with normal accounting principles for insurance and reinsurance companies.

(l) EXCHANGE RATES

Results for overseas companies have been consolidated at rates ruling on 31st December 1988. Foreign currency transactions of U.K. companies have been converted to sterling at the rate applicable when recorded in the books, with the exception of transactions in U.S. and Canadian dollars, in Australian and New Zealand dollars through branches and with subsidiary and associated companies within the Group, which have been converted at year-end rates.

Assets and liabilities have been shown in the balance sheets at rates ruling on 31st December 1988.

NORWICH WINT'ERTHUR HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31st December 1988

	Notes	1988 £'000	1987 £'000
Dividends and Interest	2	28,004	23,938
Underwriting results		(13,125)	(15,839)
Share of profits of associated companies		<u>(357)</u>	<u>1,720</u>
		14,522	9,819
Interest: short-term loans		<u>633</u>	<u>156</u>
PROFIT BEFORE TAXATION		13,889	9,663
Taxation:	3		
Holding company and subsidiaries		6,343	3,518
Associated companies		<u>49</u>	<u>699</u>
		<u>6,392</u>	<u>4,217</u>
PROFIT AFTER TAXATION	5	7,497	5,446
MINORITY INTEREST		<u>1,598</u>	<u>621</u>
		5,899	4,825
DIVIDEND		1,000	750
RETAINED PROFIT FOR THE YEAR	5	<u>4,899</u>	<u>4,075</u>


The notes on pages 13 to 21 form an integral part of these accounts

NORWICH WINTERTHUR HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET as at 31st December 1988

	Notes	1988 £'000	1987 £'000
INVESTMENTS			
Associated companies	11	3,528	3,955
Others	12	<u>317,209</u>	<u>275,293</u>
		320,737	279,248
FIXED ASSETS			
	13	<u>10,673</u>	<u>5,394</u>
		331,410	284,642
CURRENT ASSETS			
Agents and debtors		93,106	83,444
Cash in hand and on current account		<u>2,816</u>	<u>3,847</u>
		<u>95,922</u>	<u>87,291</u>
TOTAL ASSETS		427,332	371,933
LIABILITIES AND PROVISIONS			
Agents and creditors		47,167	46,847
Deferred taxation	4	4,429	4,001
Bank overdrafts and short-term loans		6,193	5,001
Proposed dividend		<u>1,000</u>	<u>750</u>
		58,789	56,599
MINORITY INTEREST		17,791	11,784
INSURANCE FUNDS		<u>255,610</u>	<u>225,802</u>
NET ASSETS		<u>95,142</u>	<u>77,748</u>
CAPITAL AND RESERVES			
Share capital	14	54,500	47,000
Share premium		700	700
Capital reserve	15	26,969	20,491
Retained profit	5	<u>12,973</u>	<u>9,557</u>
SHAREHOLDERS' FUNDS		<u>95,142</u>	<u>77,748</u>


M.G. FALCON
CHAIRMAN


P SPÄLTI
DIRECTOR


3rd July 1989

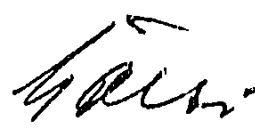
The notes on pages 13 to 21 form an integral part of these accounts

NORWICH WINTERTHUR HOLDINGS LIMITED

BALANCE SHEET as at 31st December 1988

	Notes	1988 £'000	1987 £'000
FIXED ASSETS			
Tangible assets	13		1,565
Investments			
Subsidiaries	10	57,194	44,023
Others	12	<u>12,393</u>	<u>10,664</u>
		<u>69,587</u>	<u>54,687</u>
		<u>69,621</u>	<u>56,252</u>
CURRENT ASSETS			
Debtors:			
Amounts owed by associated companies		47	9
Amounts owed by group companies		27,120	22,886
Other debtors		183	8
Prepayments and accrued income		<u>1,605</u>	<u>1,455</u>
		<u>28,955</u>	<u>24,358</u>
CREDITORS - Amounts falling due within one year:			
Bank loans and overdraft		1,387	1,297
Amounts owed to group companies		642	319
Amounts owed to associated companies		-	53
Other creditors		79	357
Accruals and deferred income		94	72
Proposed dividend		<u>1,000</u>	<u>750</u>
		<u>3,202</u>	<u>2,848</u>
NET CURRENT ASSETS		<u>25,753</u>	<u>21,510</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		95,374	77,762
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	4	72	58
NET ASSETS		<u>95,302</u>	<u>77,704</u>
CAPITAL AND RESERVES			
Called up share capital	14	54,500	47,000
Share premium		700	700
Capital reserve	15	38,669	29,273
Profit and loss account		<u>1,433</u>	<u>731</u>
SHAREHOLDERS' FUNDS		<u>95,302</u>	<u>77,704</u>


M.G. FALCON
CHAIRMAN


P SPÄTH
DIRECTOR

3rd July 1989

The notes on pages 13 to 21 form an integral part of these accounts

NORWICH WINTERTHUR HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS for the year ended 31st December 1988

	1988 £'000	1987 £'000
SOURCE OF FUNDS		
Profit after taxation	7,497	5,446
Adjustments to convert revenue and expenditure onto a cash basis:		
Movement in:		
Minority interest	3,998	11,135
Insurance funds	29,808	55,819
Agents and debtors	(9,662)	12,721
Agents and creditors	320	(41,657)
Deferred taxation	1,046	766
Depreciation	217	346
TOTAL GENERATED FROM OPERATIONS	33,226	44,596
FUNDS FROM OTHER SOURCES		
Issue of shares	7,500	-
Disposal of interest in associated company	120	99
Disposal of interest in subsidiary company	-	2,573
Realised movements in capital reserve	2,109	7,751
Bank overdraft and short-term loans	<u>1,192</u>	<u>-</u>
	44,147	55,019
APPLICATION OF FUNDS		
Acquisition of interest in associated company	-	1,733
Acquisition of interest in subsidiary company	-	2,750
Purchases less sales of fixed assets	1,469	1,952
Dividend paid	750	-
Repayment of Bank overdrafts and short-term loans	<u>-</u>	<u>1,451</u>
	2,219	7,886
NET FUNDS AVAILABLE FOR INVESTMENT	41,928	47,133
CHANGES IN INVESTED FUNDS		
Investments	42,919	44,315
Cash in hand and on current accounts	<u>(1,031)</u>	<u>2,818</u>
	41,928	47,133

NORWICH WINTERTHUR HOLDINGS LIMITED

NOTES ON THE ACCOUNTS

1 GROUP TURNOVER

The turnover of the Group as defined in the statement of accounting policies amounted to £145,359,000 (1987 - £118,441,000).

2 INVESTMENT INCOME

	1988 £'000	1987 £'000
Income from listed investments	4,386	4,155
Other investment income	4,435	2,969
Income received by exempt companies	<u>18,889</u>	<u>16,870</u>
	27,710	23,994
Interest on reinsurance balances (net)	294	(56)
	<u>28,004</u>	<u>23,938</u>
Dividends receivable from associated companies	271	346
	<u>271</u>	<u>346</u>

3 TAXATION

Provision has been made in the accounts for corporation tax at current rates on the assessable profits for the year. The charge for tax on franked investment income represents imputed tax credits appropriate to that income.

The taxation charge in the consolidated profit and loss account comprises the following:

	1988 £'000	1987 £'000
U.K. corporation tax	1,579	2,807
Double taxation relief	<u>(492)</u>	<u>(424)</u>
	1,087	2,383
Tax on franked investment income	107	90
Overseas taxation	2,128	2,368
Deferred taxation transfer	<u>1,788</u>	<u>(2,278)</u>
	5,110	2,563
Prior years' adjustment	<u>(18)</u>	<u>(179)</u>
	5,092	2,384
Capital reserve transfer	<u>1,251</u>	<u>1,134</u>
	6,343	3,518
Taxation attributable to associated companies	49	699
	<u>6,392</u>	<u>4,217</u>

No provision has been made for the taxation which might arise if profits retained by overseas subsidiary companies were remitted to the United Kingdom.

NORWICH WINTERTHUR HOLDINGS LIMITED

NOTES ON THE ACCOUNTS - CONTINUED

4 DEFERRED TAXATION

Details of the full potential liability for deferred taxation are given below:

	1988		1987	
	Company £'000	Group £'000	Company £'000	Group £'000
Provided for in the accounts:				
Realisation of investments at values stated in the balance sheet	-	(688)	-	(575)
Short-term timing differences	75	1,774	57	1,629
Accelerated capital allowances	(3)	(28)	1	(15)
Other timing differences	-	3,371	-	2,962
	<u>72</u>	<u>4,429</u>	<u>58</u>	<u>4,001</u>
Not provided for in the accounts:				
Unrealised appreciation of investments in subsidiary and associated companies	2,000	-	1,000	-
	<u>2,072</u>	<u>4,429</u>	<u>1,058</u>	<u>4,001</u>

5 PROFITS

(1) Statement of retained profits:

	1988 £'000	1987 £'000
Balance brought forward	9,557	8,730
Exchange adjustments	(29)	(1,235)
Adjustments for changes in subsidiary company shareholdings	(1,360)	(1,441)
Adjustments for changes in associated company shareholdings	(94)	(572)
	<u>8,074</u>	<u>5,482</u>
Retained profit for the year	<u>4,899</u>	<u>4,075</u>
Retained profit carried forward	<u>12,973</u>	<u>9,557</u>

Consolidated retained profits comprise:

	1988 £'000	1987 £'000
The holding company	1,433	731
Subsidiary companies	11,919	8,267
Associated companies	(379)	559
	<u>12,973</u>	<u>9,557</u>

NORWICH WINTERTHUR HOLDINGS LIMITED

NOTES ON THE ACCOUNTS - CONTINUED

5 PROFITS - CONTINUED

	1988 £'000	1987 £'000
(ii) Net profit/(loss) dealt with in the accounts of the holding company	702	(1,069)

6 DIRECTORS' EMOLUMENTS

- (a) The total emoluments of the directors for the year, including amounts paid by subsidiaries and other companies to directors holding office by virtue of the Company's nomination, comprised fees amounting to £47,750 (1987 - £47,750) and other emoluments amounting to £Nil (1987 - £40,075).
- (b) The emoluments of the Chairman were £10,000 (1987 - £10,000).
- (c) The emoluments of the highest paid director were £10,000 (1987 - £40,075) including remuneration for management services.
- (d) Other directors were remunerated as follows:

	1988	1987
Nil to £5,000	6	5
£5,001 to £10,000	3	3

7 LOANS TO OFFICERS

A loan to an officer of the company totalling £41,500 was outstanding at 31st December 1988 (1987 - £41,500).

8 STAFF REMUNERATION

The number of employees in the United Kingdom whose remuneration, excluding pension contributions, exceeded £30,000 was as follows:

	1988	1987
£30,001 - £35,000	-	1
£35,001 - £40,000	-	2
£40,001 - £45,000	2	-
£45,001 - £50,000	1	-

9 AUDITORS' REMUNERATION

The remuneration of the auditors of the Company and its subsidiaries amounted to £366,321 (1987 - £281,408).

NORWICH WINTERTHUR HOLDINGS LIMITED

NOTES ON THE ACCOUNTS - CONTINUED

10 PRINCIPAL SUBSIDIARY COMPANIES

Particulars of the principal subsidiaries at 31st December 1988 are given below. All the companies have share capital comprising shares of one class only.

	Country of incorporation or registration	Percentage of issued share capital held
SUBSIDIARIES OF NORWICH WINTERTHUR HOLDINGS LIMITED		
Norwich Winterthur Reinsurance Corporation Limited	England	77.528
Norwich Winterthur Overseas Limited	England	100
Norwich Winterthur Leasing Limited	England	100
SUBSIDIARIES OF NORWICH WINTERTHUR REINSURANCE CORPORATION LIMITED		
Stronghold Insurance Company Limited	England	100
Central Reinsurance Corporation Limited	South Africa	100
Norwich Winterthur Services Limited	England	100
SUBSIDIARIES OF NORWICH WINTERTHUR OVERSEAS LIMITED		
Norwich Winterthur (Australia) Limited	Australia	100
Norwin Workers Compensation (New South Wales) Limited	Australia	100
Norwich Winterthur Insurance (Australia) Limited	Australia	100
Norwich Winterthur (NZ) Limited	New Zealand	100
Norwich Winterthur Insurance (Far East) Pte. Limited	Singapore	100
Norwich Winterthur Insurance (International) Limited	Hong Kong	100
Norwich Winterthur Insurance (Gulf) Limited	Bermuda	100
Aegis Insurance Company Limited	South Africa	67.290

All of the above companies are insurance companies or insurance related service companies with the exception of Norwich Winterthur Overseas Limited, Norwich Winterthur (Australia) Limited and Norwich Winterthur (NZ) Limited which are all holding companies and Norwich Winterthur Leasing Limited which is a leasing company.

The percentage of issued share capital held by Norwich Winterthur Overseas Limited in Aegis Insurance Company Limited was reduced from 90% to 67.29% following the issue of shares by Aegis to the international shareholders.

During the year Corebell Pty. Limited, a subsidiary of Norwich Winterthur (Australia) Limited, acquired 98.6% of the shares of CIC Holdings Ltd. and holds them in trust for Norwich Union Fire Insurance Society Limited and Winterthur Swiss Insurance Company.

NORWICH WINTERTHUR HOLDINGS LIMITED

NOTES ON THE ACCOUNTS - CONTINUED

11 ASSOCIATED COMPANIES

Particulars of associated companies as at 31st December 1988 are given below. All the companies are insurance companies, with the exception of Lion Group Limited which is a holding company.

	Country of incorporation	Percentage of issued share capital held
Lion Group Limited	Australia	50
Norwich Winterthur Insurance (Arabia) Limited	Bermuda	49
Norwich Winterthur Insurance (Saudi Arabia) E.C.	Bahrain	49
Norwich Winterthur Insurance (Malaysia) Sdn. Bhd.	Malaysia	33.33
The Heritage Insurance Company Limited	Kenya	24.5

During the year Norwich Winterthur Overseas Limited disposed of its shareholding in Guinea Insurance Company Limited.

	1988 £'000	1987 £'000
The companies are stated in the balance sheet at:		
Group's share of net assets of associated companies	3,523	3,955

NORWICH WINTERTHUR HOLDINGS LIMITED

NOTES ON THE ACCOUNTS - CONTINUED

12 INVESTMENTS

- (a) Investments other than shares in subsidiary and associated companies were as follows:

	1988		1987	
	Company £'000	Group £'000	Company £'000	Group £'000
Real estate	-	4,167	-	629
British government and other public securities	5,891	70,528	9,684	70,701
Overseas government and other public securities	-	128,480	-	99,558
Ordinary stocks and shares	-	27,212	-	24,751
Fixed interest securities	-	23,314	-	24,036
Mortgages and loans	670	6,730	706	8,505
Deposits	5,832	56,778	274	47,113
	<u>12,393</u>	<u>317,209</u>	<u>10,664</u>	<u>275,293</u>
Summary of investments:				
Listed - United Kingdom	5,891	11,920	9,684	14,294
Listed - Overseas	-	23,019	-	25,044
Unlisted	-	18,915	-	12,552
Other	6,502	37,509	980	17,692
Owned by exempt companies	-	225,846	-	205,711
	<u>12,393</u>	<u>317,209</u>	<u>10,664</u>	<u>275,293</u>

- (b) Certain of the Group's investments were on loan to the market via firms of money brokers under stock lending schemes authorised by the Bank of England. Other investments are deposited as security for reinsurance obligations with ceding companies or in countries outside the United Kingdom as required under local legislation.

NORWICH WINTERTHUR HOLDINGS LIMITED

NOTES ON THE ACCOUNTS - CONTINUED

13 FIXED ASSETS

	Company			Group
	Leasehold Property £'000	Others £'000	Total £'000	Total £'000
At cost or valuation:				
Balance brought forward	1,630	131	1,761	6,605
Additions	943	36	979	3,463
Disposals	(2,573)	(103)	(2,676)	(512)
Transfer to exempt company	-	-	-	(2,676)
Balance carried forward	-	64	64	6,880
Depreciation:				
Balance brought forward	163	33	196	2,053
Provided during the year	483	18	501	1,433
Disposals	(646)	(21)	(667)	(351)
Transfer to exempt company	-	-	-	(667)
Balance carried forward	-	30	30	2,468
Net book value	-	34	34	4,412
Add: Fixed assets at cost less depreciation owned by exempt companies	-	-	-	6,261
Net book value at 31st December 1988	-	34	34	10,673
Net book value at 31st December 1987	1,467	98	1,565	5,394

14 CALLED UP SHARE CAPITAL

	1988 £'000	1987 £'000
Authorised:		
Ordinary shares of £1 each	55,000	54,000
Allotted and fully paid:		
'A' ordinary shares of £1 each	25,343	21,855
'B' ordinary shares of £1 each	25,343	21,855
'C' ordinary shares of £1 each	3,814	3,290
	54,500	47,000

NOTES ON THE ACCOUNTS - CONTINUED

15 CAPITAL RESERVE

	1988		1987	
	Company £'000	Group £'000	Company £'000	Group £'000
Balance at 1st January	29,273	20,491	24,597	17,746
Net exchange movements	-	1,648	-	(1,821)
Net revaluations of investments:				
Subsidiaries	5,421	-	4,274	-
Fixed Assets	-	4,027	-	-
Other investments	(65)	369	(88)	(2,286)
Realised profits on sales:				
Fixed Assets	3,991	-	-	-
Other Investments	49	1,345	490	1,454
Goodwill on aquisition written off	-	-	-	1,891
Adjustment on group restructure	-	1,195	-	1,322
Net movement in associated companies	-	(145)	-	(1,472)
Net movement in exempt companies	-	(1,961)	-	3,657
Balance at 31st December	<u>38,669</u>	<u>26,969</u>	<u>29,273</u>	<u>20,491</u>

This reserve includes investment and revaluation reserves of insurance subsidiaries and associated companies.

16 CONTINGENT LIABILITIES

- (a) An indemnity is in force between Norwich Winterthur Holdings Limited and the Institute of London Underwriters in respect of former membership of the Institute by a subsidiary which has since been sold.
- (b) There are contingent liabilities in respect of the staff pension fund arising from future service and future increases in remuneration, although the fund, when last valued, was adequate to provide all pensions to members in respect of their service to date calculated by reference to their current remuneration.
- (c) There are contingent liabilities in respect of levies to meet liabilities arising from the insolvencies of other insurance companies.

NOTES ON THE ACCOUNTS - CONTINUED

17 FINANCIAL COMMITMENTS

The group has entered into lease arrangements in respect of property and computer equipment.

- (a) Operating leases (premises)
At 31st December the annual commitments were as follows:

	1988		1987	
	Company £'000	Group £'000	Company £'000	Group £'000
Leases which expire				
- within one year	-	306	-	482
- between one and five years	-	518	-	699
- in five years or more	-	640	6	100
	<u>-</u>	<u>1,464</u>	<u>6</u>	<u>1,281</u>
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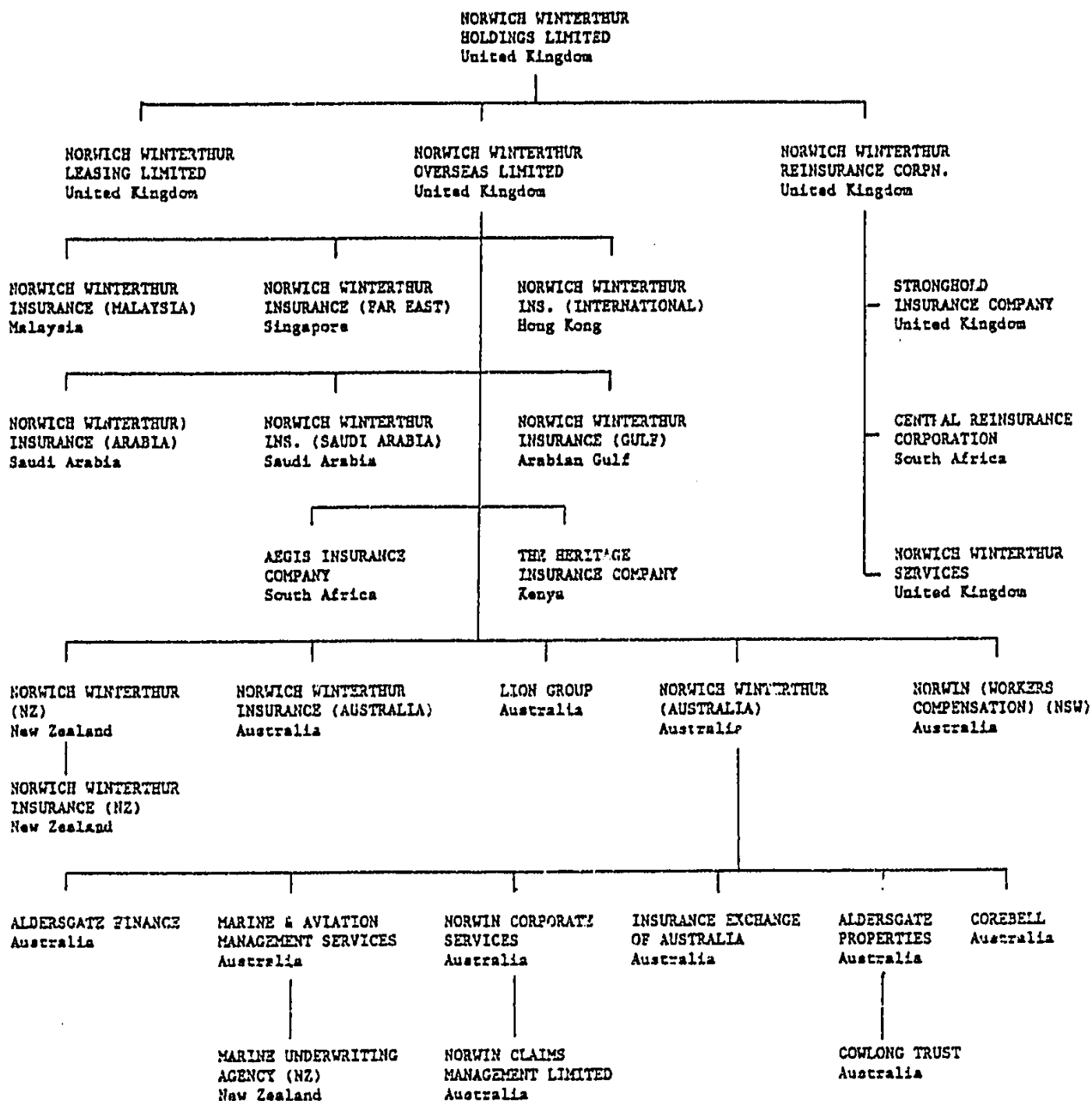
- (b) Group finance leases (equipment)
The rentals payable under these leases amount to £99,000 in 1989 and £99,000 each year from 1990 to 1991 inclusive. The company has no finance leases.

NORWICH WINTERTHUR HOLDINGS LIMITED

CORPORATE STRUCTURE

Shareholders in Joint Venture

NORWICH UNION FIRE	- 46.5%
WINTERTHUR SWISS	- 46.5%
CHIYODA FIRE & MARINE	- 7.0%



Percentage holdings in subsidiary and associated companies and country of incorporation are shown on pages 16 to 17

NORWICH WINTERTHUR HOLDINGS LIMITED

PRINCIPAL SUBSIDIARY COMPANIES IN THE UNITED KINGDOM

Norwich Winterthur Overseas Limited

Registered Office: Norwich Winterthur House, Rose Lane, Norwich NR1 1JY

Telephone: Norwich (0603) 615122 Telex: 97146 NORWIN Telefax: (0603) 697432

General Manager: J.A. Gilmour FCII

Corporate Secretary: R.E. Townsend FCIS FCII

Norwich Winterthur Reinsurance Corporation Limited

Strorghold Insurance Company Limited

Registered Office: Norwich Winterthur House, Rose Lane, Norwich NR1 1JY

Telephone: Norwich (0603) 615122 Telex: 97146 NORWIN Telefax: (0603) 697432

London Underwriting Rooms: 40 Lime Street, London EC3M 5BH

Telephone: 01 623 5391 Telex: 884559/NWReG Telefax: 01 623 4449

General Manager: N.W. Evers ACII

Corporate Secretary: R.E. Townsend FCIS FCII

PRINCIPAL SUBSIDIARY COMPANIES OVERSEAS

AUSTRALIA

Norwich Winterthur (Australia) Limited

Norwich Winterthur Insurance (Australia) Limited

Head Office: 457 St. Kilda Rd., Melbourne, Victoria 3004.

(PO Box 129, St. Kilda, Victoria 3182)

Telephone: (03) 829 8411 Telex: AA33306/NORWIN Telefax: (03) 267 4618

Cable: NORWIN, MELBOURNE

Chief Executive: P.E. Daly

Company Secretary: P.M. Kelly

NEW ZEALAND

Norwich Winterthur (NZ) Limited

Norwich Winterthur Insurance (NZ) Limited

Head Office: Norwich Insurance House, 3-11 Hunter Street, PO Box 2190, Wellington 1.

Telephone: (04) 720-488 Telefax: 732948

General Manager: K.J. Sarginson

Company Secretary: B.H. Wilson AIINZ

HONG KONG

Norwich Winterthur Insurance (International) Limited

Head Office: Room 1303, Guardian House, 32 Oi Kwan Road, Happy Valley, Hong Kong.

P.O. Box 47124, Morrison Hill P.O., Hong Kong.

Telephone: (05) 746632 Telex: 60305/NWII HX Telefax: 852 58325838

General Manager: D.G. Pluck ACII

Company Secretary: A. Sweeney LLB (Hons) ACII

NORWICH WINTERTHUR HOLDINGS LIMITED

PRINCIPAL SUBSIDIARY COMPANIES OVERSEAS - CONTINUED

SINGAPORE

Norwich Winterthur Insurance (Far East) Pte. Limited
Head Office: 143 Cecil Street, #17-01, GB Building, Singapore 0106.
(Maxwell Road, PO Box 402, Singapore 9008)
Telephone: (65) 2210759 Telex: RS33652/NORWIN Telefax: (65) 2251002

General Manager: I.L. Reid ACII
Company Secretary: Ang Yew Lee

SOUTH AFRICA

Aegis Insurance Company Limited
Head Office: Aegis Insurance House, 91 Commissioner Street, Johannesburg 2001.
(PO Box 128, Johannesburg 2000)
Telephone: (011) 8367621 Telex: 48-7512 SA Telefax: (011) 838-4559

Managing Director: F.L. Bull FCII
Company Secretary: A.R. Horn, B. Compt. (Hons) C.A.(SA)

Central Reinsurance Corporation Limited
Head Office: 4th Floor, Allied Bank Centre, Harrison/Main Street,
Johannesburg 2001.
(PO Box 61248, Marshalltown 2107)
Telephone: (011) 492-1356 Telex: 4-83789 SA Telefax: (011) 834-1380

General Manager: M.F. Davis ACII
Company Secretary: S.P. Overbeek CA (SA)

ARABIAN GULF

Norwich Winterthur Insurance (Gulf) Limited
Head Office: Kanoo Building, Abu Obeidah Avenue, Manama, Bahrain.
(PO Box 45, Manama, Bahrain, Arabian Gulf)
Telephone: (973) 249324 Telex: 8215 KANOO BN Cable: KANOO, BAHRAIN
Telefax: 274192

General Manager: J.V. Byrom B.A. (Hons)
Company Secretary: Barbara Hollis

NORWICH WINTERTHUR HOLDINGS LIMITED

ASSOCIATED COMPANIES OVERSEAS

AUSTRALIA

Lion Group Limited

Head Office: 457 St. Kilda Road, Melbourne, Victoria 3004.

(PO Box 129, St. Kilda, Victoria 3182)

Telephone: (03) 829 8411 Telex: AA33306/NORWIN Telefax: (03) 267 4618

Cable: NORWIN. MELBOURNE

Chief Executive: P.E. Daly

Company Secretary: P.M. Kelly

MALAYSIA

Norwich Winterthur Insurance (Malaysia) Sdn. Bhd.

Head Office: 17th floor, Wisma HLA, Jalan Raja Chulan, 50200 Kuala Lumpur.

Telephone: 03-243-1322 Telex: MA 32804 NORMAL Cable: NORWIN

Telefax: 03-243-3252

General Manager and Company Secretary: D.R. Shepherd ACII

KENYA

The Heritage Insurance Company Limited

Head Office: Norwich Union House, Mama Ngina Street, PO Box 30390, Nairobi.

Telephone: 725303/725308/725313/725337/725347/725349 Telex 22476/NOR

General Manager: N.C. Weaver ACII

Company Secretary: C.K.A. Kese CPA AMKIM

SAUDI ARABIA

Norwich Winterthur Insurance (Saudi Arabia) E.C.

Head Office: Kanoo Centre, Kilo 7, Medina Road, Jeddah, Kingdom of Saudi Arabia.

(P.O. Box 812, Jeddah, 21421)

Telephone: 6609505/6673759/6670140

Telex: 605210 NWIAJ SJ Cable: YUSUF KANOO. JEDDAH Telefax: 26695801

General Manager: S.J. Blease, BA (Hons), FCII

Company Secretary: A.N. Baldwin ACII

NORWICH WINTERTHUR HOLDINGS LIMITED

Summary of principal subsidiary and associated company results 1988

Company	% Share holding	Share- holders Funds £'000	Net Written Premiums £'000	Under- writing Profit/ (Loss) £'000	Invest- ment Income £'000	Profit/ (Loss) before tax £'000	Profit/ (Loss) after tax £'000
DIRECT WRITING INSURANCE COMPANIES							
Norwich Winterthur Insce (Australia) Ltd.	100	10,665	30,831	(2,117)	2,294	157	(510)
Norwich Winterthur (NZ) Ltd.	100	4,450	10,683	(1,476)	1,122	(355)	(338)
Norwich Winterthur Insce (Far East) Pte. Ltd.	100	1,728	1,367	8	192	197	197
Norwich Winterthur Insce (International) Ltd.	100	1,232	1,231	(165)	164	9	9
Norwich Winterthur Insce (Gulf) Ltd.	100	5,165	3,725	(157)	689	431	377
Aagia Insce Co. Ltd.	67.290	14,876	34,734	3,162	3,260	5,270	3,621
Lion Group Limited	50	877	6,345	(1,677)	585	(1,837)	(1,837)
Norwich Winterthur Insce (Malaysia) Sdn. Bhd.	33.33	1,271	1,509	(124)	128	55	26
Norwich Winterthur Insce (Saudi Arabia) E.C.	49	1,274	1,423	181	161	325	261
Norwich Winterthur Insce (Arabia) Ltd.	49	1,496	1,164	263	166	427	427
Heritage Insce Co. Ltd.	24.5	632	1,751	(376)	439	60	28
REINSURANCE COMPANY							
N.W. Reinsurance Corpn Ltd.	77.528	57,451	70,859	(12,480)	19,327	6,431	3,628

Notes:

1. The figures quoted above represent 100% figures for all companies.
2. Overseas companies are shown in sterling converted at rates of exchange ruling on 31st December 1988.
3. The underwriting profit/(loss) is after charging expenses.
4. Profit/(loss) before taxation excludes profit/(loss) on investments and exchange.