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THE COMPANIES ACT 1993  
SECTION 136(1)  
REGISTERED COMPANY  
1999/07/00



## **Ansvar Insurance Company Limited**

### **REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 1999**

Registered No. 661060

# Ansvar Insurance Company Limited

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## REPORT AND FINANCIAL STATEMENTS

31 December 1999

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# Ansvar Insurance Company Limited

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Registered No. 661060

## DIRECTORS AND GENERAL MANAGEMENT

### Directors:

G V Doswell FCII (Chairman)  
G A Prescott BA FCA  
K J Burdett FCII  
F J Holland MBCS  
W G Shearn BA FCII

### General Management:

T P Godfrey ACII MB Eng  
P A Reigh  
M Fletcher BSc FCA  
M Ingram BA  
J S Hollick ACII  
N Norman  
C McMahon BSc  
I P Sadler FCII

*General Manager*  
*Assistant General Manager*  
*Head of Finance & Administration*  
*Head of Insurance Operations*  
*Underwriting Manager*  
*Claims Manager*  
*Administration Manager*  
*Field Operations Manager*

### Company Secretary:

Mrs R J Hall ACIS

### REGISTERED OFFICE

Beaufort House  
Brunswick Road  
Gloucester GL1 1JZ

### ANSVAR HEAD OFFICE

Ansvar House  
St Leonards Road  
Eastbourne  
East Sussex  
BN21 3UR  
Tel: 01323 737541  
[www.ansvar.co.uk](http://www.ansvar.co.uk)

### REGISTERED AUDITORS

Deloitte & Touche  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

### PRINCIPAL BANKERS

National Westminster Bank Plc  
City of London Office  
PO Box 12258, 1 Princes Street  
London EC2R 8PA

# Ansvar Insurance Company Limited

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## POSITION STATEMENT

Ansvar is a general insurance company aiming to provide optimum support to insurance intermediaries who serve the insurance needs of organisations in the 'not for profit' sector. This encompasses churches and their related activities, charities, other voluntary groups and provides the insurance needs of individuals empathising with such organisations.

### **Ansvar is committed to:-**

Understanding and meeting the special insurance needs and concerns of the 'not for profit' sector.

Providing the most comprehensive and competitive product range for 'not for profit' organisations.

Providing household and other selected insurance products to individuals who empathise with organisations in the 'not for profit' sector.

A clearly defined ethical trading and investment policy.

Continuing its purpose since 1932 by providing funds to reduce community problems relating to drug and alcohol misuse.

Creating a high level of job satisfaction for employees.

Offering excellent service to clients.

# Ansvar Insurance Company Limited

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## REVIEW OF OPERATIONS

### **Introduction**

Since becoming a member of the Ecclesiastical Insurance Group in December 1998, Ansvar has continued to operate independently.

Following a thorough post-acquisition review, 1999 has been a year of consolidation and restructuring to equip Ansvar for its task of making a positive contribution to Group profits. The short-term objectives have been to:-

- retain existing business and stabilise premium volumes
- retain and develop existing personnel
- improve operating efficiency and profitability
- promote profitable growth from existing Ansvar Intermediary partners

### **Financial highlights**

Total gross premiums grew by 3.9% to £7.3m and net premiums by 14% to £5.8m. For the first time for many years, the company has seen real growth. Non-motor business grew by 5.4% gross and now represents 75% of the business, compared with 47% three years ago.

The business generated a pre-tax profit of £153,000, compared with a loss of £760,000 in 1998. Premium growth and a falling expense ratio have contributed to the improved results. Claims provisions have been strengthened over the last two years to levels that are considered adequate to meet outstanding liabilities. The solvency ratio is unchanged at 40%.

### **Restructuring and cost reductions**

Decisions have been taken and implemented during the year that will reduce the underlying cost base of the business for the future, with some short term cost increases during 1999.

- Geoffrey Williams, Ansvar's Managing Director for 31 years, took early retirement at the end of May and resigned from the Board in June.
- Plans were completed for the restructuring of the management team and their responsibilities together with the reorganisation of the Underwriting Department for implementation on 1 January 2000.
- The Scottish Branch relocated to Edinburgh.

Further action was taken following a review of subsidiary operations:-

- negotiations were concluded with three intermediary organisations for the transfer to them of the entire business of Crusade Services (Insurance Brokers) Limited.
- Ansvar Conference Services Limited ceased trading.

# Ansvar Insurance Company Limited

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## REVIEW OF OPERATIONS

### **Investments and liquidity**

All equity investments were disposed of in September in order to eliminate the volatility in investment performance inherent in the equity market and to achieve a more stable return. Consequently, the overall return on investments fell and liquidity increased slightly.

Investment properties were independently valued at 31 December and show an unrealised gain of £127,000.

### **Market positioning**

A position statement has been adopted to extend acceptability for personal insurance to those who have empathy with Ansvar's commercial focus in the church and charity 'not for profit' sector. The diminishing pool of customers qualifying as total abstainers had restricted growth opportunities in the personal sector in the past, although total abstinence had never been a selection criterion for corporations or organisations. The Company's new positioning includes the expansion of financial support to assist community projects in combating drug and alcohol misuse, maintaining the integrity of Ansvar's historical commitments in these areas.

### **Marketing and field sales team**

The key emphasis has been on maintaining and improving high service levels whilst consolidating important partnerships with intermediaries. Ansvar values the support it receives from brokers and intermediaries and is committed to continue to work with them. The sales team play a key role in furthering intermediary relationships. Some geographical re-organisation has taken place, which together with recruitment provides a full complement of Regional Managers and aims to exceed Ansvar's already enviable reputation for high service standards.

A small number of new agencies have been established to consolidate connections with the non-profit sector.

Ansvar's market profile has remained consistently high in spite of its small size. Articles have been published in various insurance, church and charity journals and Ansvar has been quoted extensively in relevant editorial coverage.

# Ansvar Insurance Company Limited

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## REVIEW OF OPERATIONS

### **Underwriting and product development**

Despite severe competitive pressures, Ansvar improved its underwriting performance in 1999 and is committed to achieving further progress. The business is growing and the underwriting team is in the process of being strengthened and restructured. The formation of a Development Unit has enabled a full-time focus on product development issues and new initiatives. The new 'Home Connect' household product was launched in July to complement the existing 'Church Connect' and 'Charity Connect' product offerings and has been extremely well received. This product was introduced with the benefit of a CD-ROM based quote system developed by Ansvar's IT department.

Rating improvements have been achieved for the motor and household accounts and will be kept under constant review in 2000 to ensure profitability is maintained.

### **Claims handling**

Ansvar's dedicated claims handling team continued to provide a customer focused service, maintaining high standards despite a small increase in the number of claims reported.

The change in marketing emphasis away from motor has had an impact on claims handling and law reforms have affected liability settlements. The Woolf Reforms have altered handling processes and reduced the number of claims where solicitors are instructed. The RTA (hospital charges) Act, has increased the cost of settling motor claims.

The run-off of the Irish motor business has progressed steadily. The number of outstanding claims fell from 132 in January to 73 at the year-end. Established claims run-off provisions are proving adequate based on settlements to date.

### **For the future**

Ansvar is fortunate in having a loyal, able and highly committed staff and management team, all of whom have contributed to the year's successful outcome. In 1999 Ansvar has laid the foundations on which to continue its measured development in its chosen markets.

# Ansvar Insurance Company Limited

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## DIRECTORS' REPORT

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

### Principal activity

The principal activity of the company is the transaction of most forms of general insurance in the United Kingdom. The company aims to provide optimum support to insurance intermediaries who serve the insurance needs of organisations in the 'not for profit' sector which encompasses churches and their related activities, charities, other voluntary groups and to provide for the insurance needs of individuals affiliated with these organisations. Ansvar adheres to an ethical trading and investment policy, avoiding activities involving alcohol, tobacco or gambling. Ansvar is a member of the Association of British Insurers and the Insurance Ombudsman Bureau.

A list of the company's subsidiary undertakings is given on page 26.

### Ownership

The Company is a wholly owned subsidiary of Ecclesiastical Insurance Office plc, the ultimate parent company of which is Allchurches Trust Limited.

### Review of business

The results of the company for the year are shown in the profit and loss account on page 11. The profit for the year after taxation of £153,000 (1998- loss £760,000) has been transferred to reserves.

### Future prospects

The directors consider that the company is well placed to perform satisfactorily in the future.

### Year 2000

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the Year 2000 issue. As at the date of this report, the directors are not aware of any significant factors, which have arisen, or that might arise, which will affect the activities of the business; however, the situation is still being monitored. Any future costs associated with this issue cannot be quantified, but are not expected to be significant.

### Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 1999. (1998:£Nil).

### Charitable and political donations

Charitable donations given by the company in the year amounted to £6,000 (1998: £5,000). It is the company's policy not to make political donations.



# Ansvar Insurance Company Limited

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## DIRECTORS' REPORT

### Directors

The directors of the company at the date of this report are stated on page 2.

Mr G C M Williams resigned as a director on 29 June 1999.

Mr I C Williams was appointed a director on 5 January 1999 and resigned on 30 April 1999.

No other directors served during the year ended 31 December 1999.

### Directors' interests

The interests of the directors, all of which are beneficial, in the 2.8% First Cumulative Preference shares of £1 each in Ecclesiastical Insurance Office plc, a subsidiary of the company's ultimate parent company, are as follows:-

Directors	Interest at 31.12.99	Interest at 1.1.99 or date of appointment
G V Doswell	500	500
G A Prescott	1,000	1,000
K J Burdett	-	-
F J Holland	-	-
W G Shearn	-	-

No director had an interest in any other shares or debentures of the group. There has been no change in these interests since the end of the financial year to the date of this report. No contract of significance existed during or at the end of the financial year in which a director was or is materially interested.

### Auditors

Deloitte & Touche have expressed their willingness to continue in office, as auditors and accordingly a resolution proposing their re-appointment will be put to the Annual General Meeting.

By order of the Board



Mrs R J Hall  
Company Secretary

26 April 2000

# Ansvar Insurance Company Limited

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## 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 as at the end of the financial year and of the profit or loss of the company for the financial year and which comply with the provisions of the Companies Act 1985.

In preparing those financial statements, the directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1999. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy, at all times, the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to detect and prevent fraud and other irregularities.

# Ansvar Insurance Company Limited

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## REPORT OF THE AUDITORS

To the member of Ansvar Insurance Company Limited

We have audited the financial statements on pages 11 to 31, which have been prepared in accordance with the accounting policies set out on pages 16 to 18.

### **Respective responsibilities of directors and auditors**

As described on page 9 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 circumstances of the company, 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.

### **Equalisation reserves**

Our evaluation of the presentation of information in the financial statements has had regard to the statutory requirement for insurance companies to maintain equalisation reserves. The nature of the equalisation reserve, the amount set aside at 31 December 1999 and the effect of the movement in the reserve during the year on the balance on the general business technical account and profit on ordinary activities before taxation, are disclosed in the accounting policies and note 16 to 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 the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

**Deloitte & Touche**

Chartered Accountants and Registered Auditors

Stonecutter Court,

1 Stonecutter Street,

London, EC4A 4TR

*29 June 2000*

# Ansvar Insurance Company Limited

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1999

### TECHNICAL ACCOUNT - GENERAL BUSINESS

	Notes	Con- tinuing Operations	Discon- tinued Operations	1999 Total	Con- tinuing Operations	Discon- tinued Operations	1998 Total
		1999 £'000	1999 £'000	1999 £'000	1998 £'000	1998 £'000	1998 £'000
Gross premiums written	4	7,323	-	7,323	7,051	(1)	7,050
Outward reinsurance premiums		(1,501)	-	(1,501)	(1,843)	(117)	(1,960)
<b>Net premiums written</b>		<b>5,822</b>	<b>-</b>	<b>5,822</b>	<b>5,208</b>	<b>(118)</b>	<b>5,090</b>
Change in the gross provision for unearned premiums		(265)	-	(265)	9	35	44
Change in the provision for unearned premiums, reinsurer's share		(62)	-	(62)	15	(49)	(34)
Change in the net provision for unearned premiums		(327)	-	(327)	24	(14)	(10)
<b>Earned premiums, net of reinsurance</b>	2	<b>5,495</b>	<b>-</b>	<b>5,495</b>	<b>5,232</b>	<b>(132)</b>	<b>5,100</b>
Gross claims paid		4,440	1,232	5,672	4,287	2,612	6,899
Reinsurer's share		(861)	(776)	(1,637)	(763)	(1,613)	(2,376)
Net claims paid		3,579	456	4,035	3,524	999	4,523
Change in the gross provision for claims		(13)	(1,821)	(1,834)	1,208	(1,617)	(409)
Reinsurer's share		175	1,270	1,445	(509)	1,010	501
Change in the net provision for claims		162	(551)	(389)	699	(607)	92
<b>Claims incurred, net of reinsurance</b>	3	<b>3,741</b>	<b>(95)</b>	<b>3,646</b>	<b>4,223</b>	<b>392</b>	<b>4,615</b>
Net operating expenses:							
- exceptional	8	300	-	300	-	-	-
- other		1,934	2	1,936	2,044	29	2,073
	5	2,234	2	2,236	2,044	29	2,073
Change in the equalisation provision		89	-	89	75	-	75
<b>Total technical charges/(credits)</b>		<b>6,064</b>	<b>(93)</b>	<b>5,971</b>	<b>6,342</b>	<b>421</b>	<b>6,763</b>
<b>TOTAL BALANCE ON THE TECHNICAL ACCOUNT FOR GENERAL BUSINESS</b>	4	<b>(569)</b>	<b>93</b>	<b>(476)</b>	<b>(1,110)</b>	<b>(553)</b>	<b>(1,663)</b>

# Ansvar Insurance Company Limited

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1999

### NON-TECHNICAL ACCOUNT

	Notes	Con- tinuing Operations	Discon- tinued Operations	1999 Total	Con- tinuing Operations	Discon- tinued Operations	1998 Total
		1999 £'000	1999 £'000	1999 £'000	1998 £'000	1998 £'000	1998 £'000
<b>Balance on the general business technical account</b>	4	(569)	93	(476)	(1,110)	(553)	(1,663)
<b>Investment Income</b>							
<i>Income from investments:</i>							
- income from land and buildings		73	-	73	84	-	84
- income from other investments		447	34	481	518	87	605
		<u>520</u>	<u>34</u>	<u>554</u>	<u>602</u>	<u>87</u>	<u>689</u>
<i>Gains on realisation of investments:</i>							
- land and buildings		23	-	23	-	-	-
- other investments		528	-	528	32	-	32
		<u>551</u>	<u>-</u>	<u>551</u>	<u>32</u>	<u>-</u>	<u>32</u>
<i>Unrealised gain/(losses) on investments:</i>							
- land and buildings		127	-	127	35	-	35
- other investments		(586)	-	(586)	166	-	166
		<u>(459)</u>	<u>-</u>	<u>(459)</u>	<u>201</u>	<u>-</u>	<u>201</u>
<i>Investment management expenses</i>		(17)	-	(17)	(19)	-	(19)
		<u>595</u>	<u>34</u>	<u>629</u>	<u>816</u>	<u>87</u>	<u>903</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX</b>	7	26	127	153	(294)	(466)	(760)
Tax on profit/(loss) on ordinary activities	10	-	-	-	-	-	-
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAX AND RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u>26</u>	<u>127</u>	<u>153</u>	<u>(294)</u>	<u>(466)</u>	<u>(760)</u>

# Ansvar Insurance Company Limited

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 1999

	<i>Con- tinuing Operations 1999 £'000</i>	<i>Discon- tinued Operations 1999 £'000</i>	<i>1999 Total 1999 £'000</i>	<i>Con- tinuing Operations 1998 £'000</i>	<i>Discon- tinued Operations 1998 £'000</i>	<i>1998 Total 1998 £'000</i>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	26	127	153	(294)	(466)	(760)
Exchange difference on retranslation of foreign currency net assets	(18)	-	(18)	18	-	18
<b>TOTAL RECOGNISED GAINS/(LOSSES) RELATING TO THE FINANCIAL YEAR</b>	<u>8</u>	<u>127</u>	<u>135</u>	<u>(276)</u>	<u>(466)</u>	<u>(742)</u>
<b>TOTAL RECOGNISED GAINS SINCE THE LAST ANNUAL REPORT</b>			<u>135</u>			

## RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

For the year ended 31 December 1999

	<i>1999 £'000</i>	<i>1998 £'000</i>
Profit/(loss) for the financial year (as above)	153	(760)
Other net recognised gains and losses relating to the year:		
Exchange difference arising on restatement of foreign currency net assets	(18)	18
Net increase/(reduction) in equity shareholder's funds	<u>135</u>	<u>(742)</u>
<b>Opening equity shareholder's funds</b>	<u>2,068</u>	<u>2,810</u>
<b>Closing equity shareholder's funds</b>	<u>2,203</u>	<u>2,068</u>

# Ansvar Insurance Company Limited

## BALANCE SHEET

At 31 December 1999

	<i>Notes</i>	<i>1999</i> £'000	<i>1998</i> £'000
<b>ASSETS</b>			
<b>INVESTMENTS</b>			
Land and buildings	11	1,399	1,351
Other financial investments	11	2,279	3,847
Investments in group undertakings	12	25	25
		<u>3,703</u>	<u>5,223</u>
<b>REINSURER'S SHARE OF TECHNICAL PROVISIONS</b>			
Provision for unearned premiums	15	420	482
Claims outstanding	15	4,472	6,409
		<u>4,892</u>	<u>6,891</u>
<b>DEBTORS</b>			
Amounts owed by policyholders		244	274
Amounts owed by intermediaries		1,040	874
Debtors arising out of direct insurance operations		<u>1,284</u>	<u>1,148</u>
Debtors arising out of reinsurance operations		430	390
Other debtors	13	86	159
Amounts due from subsidiary undertakings		14	-
		<u>1,814</u>	<u>1,697</u>
<b>OTHER ASSETS</b>			
Tangible assets	14	268	174
Cash at bank and in hand		4,930	3,465
		<u>5,198</u>	<u>3,639</u>
<b>PREPAYMENTS AND ACCRUED INCOME</b>			
Accrued interest and rent		14	90
Deferred acquisition costs		826	767
Other prepayments and accrued income		18	21
		<u>858</u>	<u>878</u>
<b>TOTAL ASSETS</b>		<u><u>16,465</u></u>	<u><u>18,328</u></u>


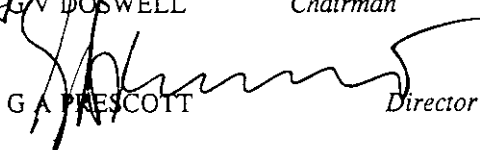
# Ansvar Insurance Company Limited

## BALANCE SHEET

At 31 December 1999

	<i>Notes</i>	<i>1999</i> <i>£'000</i>	<i>1998</i> <i>£'000</i>
<b>LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	4,300	4,300
Profit and loss account		(2,097)	(2,232)
<b>SHAREHOLDER'S FUNDS ATTRIBUTABLE TO EQUITY INTERESTS</b>		<u>2,203</u>	<u>2,068</u>
<b>TECHNICAL PROVISIONS</b>			
Provision for unearned premiums	15	3,744	3,479
Claims outstanding	15 & 17	9,774	12,282
Equalisation provision	16	237	148
		<u>13,755</u>	<u>15,909</u>
<b>CREDITORS</b>			
Creditors arising out of direct insurance operations		18	46
Other creditors including taxation and social security		124	98
Amounts due to immediate parent company		71	-
Amounts due to subsidiary undertakings		-	10
		<u>213</u>	<u>154</u>
<b>ACCRUALS AND DEFERRED INCOME</b>		294	197
<b>TOTAL LIABILITIES</b>		<u>16,465</u>	<u>18,328</u>

The financial statements on pages 11 to 31 were approved by the board of directors on 26 April 2000 and were signed on its behalf by:-

  
 G V DOSWELL *Chairman*  
  
 G A PRESCOTT *Director*



# Ansvar Insurance Company Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements have been prepared in accordance with the provisions relating to insurance companies of Section 255 of, and Schedule 9A to, the Companies Act 1985, as amended by the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993.

The financial statements have been prepared in accordance with United Kingdom Financial Reporting Standards and Statements of Standard Accounting Practice applicable at 31 December 1999.

The recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 1998, (the ABI SORP) have been adopted.

The true and fair override provisions of the Companies Act 1985 have been invoked in relation to investment properties – see note below.

#### **Intermediate parent undertaking**

These financial statements contain information about Ansvar Insurance Company Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Ecclesiastical Insurance Office plc, a company incorporated in Great Britain.

#### **Annual basis**

The annual basis of accounting has been applied to all classes of business. On this basis, the incurred cost of claims and other technical provisions, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

##### **a) Premiums**

Premiums written relate to business inception during the year, together with any difference between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the company, less an allowance for cancellations. All premiums are shown gross of commission payable to intermediaries. Written premiums exclude insurance premium tax.

Outwards reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct business.

##### **b) Unearned Premiums**

Unearned premiums represent the proportion of premiums written in the year that relate to un-expired terms of policies in force at the balance sheet date, calculated on a time apportionment basis. In the opinion of the directors the resulting provision is not materially different from one based on the pattern of incidence of risk.

# Ansvar Insurance Company Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

### 1. ACCOUNTING POLICIES (continued)

#### c) Deferred acquisition costs

Commission and management costs, which vary with, and are primarily related to, the acquisition of new insurance contracts and the renewal of existing insurance contracts are deferred to the extent that they are attributable to premiums unearned at the balance sheet date.

#### d) Outstanding claims

Full provision is made on an individual case basis for the estimated cost of claims notified but not settled by the balance sheet date, together with an estimate of related handling and settlement expenses, both internal and external. A provision for claims incurred but not reported is established using the best information available at the time. Any differences between these provisions and subsequent settlements are dealt with in the technical accounts of later years. Significant delays are experienced in the notification and settlement of certain claims, particularly in respect of liability and personal injury and the eventual outcome may vary from the original assessment.

#### e) Provision for unexpired risks

Provision is made for unexpired risks when it is anticipated that the provision for unearned premiums carried forward at the end of the year, together with related future investment income, will be insufficient to cover the future claims and expenses of business in force at the end of the year.

#### f) Equalisation provision

An equalisation provision has been established in accordance with the requirements of the Insurance Companies (Reserves) Act 1995. It is required by Schedule 9A to the Companies Act 1985 to be included within technical provisions in the balance sheet notwithstanding that it does not represent a liability at the balance sheet date.

### Investment Income

Income from investments includes dividends (net of tax), interest, net rental income and realised and unrealised gains and losses on investments and is dealt with through the non-technical account. Account is taken of dividend income when the related investment becomes ex-dividend. Other investment income is dealt with on an accruals basis, as are investment expenses.

### Investments

Investments in the balance sheet are stated as follows:-

Shares and other variable yield securities	-	mid-market value at balance sheet date
Redeemable debt and fixed interest securities	-	amortised cost at balance sheet date
Other debt and fixed interest securities	-	mid-market value at balance sheet date
Investment properties	-	open market valuation

All investment properties are valued at least every three years. All investment properties were valued on an open market value existing use basis in December 1999 by independent consultant surveyors and valuers Stiles Harold Williams. Owner occupied properties were valued at market value based on vacant possession.

Investments in subsidiary undertakings are stated at the lower of cost, net asset value or director's valuation.

# Ansvar Insurance Company Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

### 1. ACCOUNTING POLICIES (continued)

#### Foreign currencies and exchange rates

Transactions in foreign currencies during the year are translated into sterling at the rates of exchange ruling at the times of the transactions. These translation differences are dealt with in the non-technical account.

In respect of business transacted in foreign currencies where liabilities are broadly matched by the holding of foreign currency assets in those currencies, exchange differences arising on the opening net investment are taken directly to reserves. The rates of exchange used for translation are: Republic of Ireland IR£1.2664 (1998:IR£1.116).

#### Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset over its expected useful life as follows: -

Computer hardware and equipment	-	5 years straight line
Motor vehicles	-	27% reducing balance
Furniture and other equipment	-	5 years straight line
Freehold buildings occupied by the group	-	50 years straight line

Software development costs and costs incurred in rendering existing software year 2000 compliant, are fully written off in the year the costs are incurred.

In accordance with Statement of Standard Accounting Practice 19, which requires a departure from the Companies Act 1985, no depreciation is provided in respect of freehold investment properties not occupied by the company. The directors consider that depreciation of these investment properties would not give a true and fair view. If this departure from the Act had not been made, the profit for the year would have been reduced by that depreciation. However, the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the periodic valuation and the amount that might otherwise have been shown cannot be separately identified or quantified.

#### Operating leases

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

#### Pension costs

The company operates two pension schemes for its employees in the UK and former employees in the Republic of Ireland. The UK pension scheme provides benefits based on final pensionable salaries. The pension costs are based on the most recent actuarial valuation using the attained age method. The pension cost charged to the profit and loss account is calculated by a qualified actuary so as to spread the cost of pensions over the employees' working lives with the company. In the Republic of Ireland the scheme is a defined contribution scheme, now fully paid-up. Contributions payable to the schemes are charged to the profit and loss account in the period in which they are incurred.

#### Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future.

# Ansvar Insurance Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

### 2. EARNED PREMIUMS NET OF REINSURANCE

	<i>Gross</i> £'000	<i>Reinsurance</i> <i>ceded</i> £'000	<i>Net</i> £'000
<b>1999</b>			
Premiums receivable	7,323	1,501	5,822
Unearned premiums carried forward	(3,744)	(420)	(3,324)
Unearned premiums brought forward	3,479	482	2,997
Movement	(265)	62	(327)
<b>Premiums earned</b>	<u>7,058</u>	<u>1,563</u>	<u>5,495</u>

	<i>Gross</i> £'000	<i>Reinsurance</i> <i>ceded</i> £'000	<i>Net</i> £'000
<b>1998</b>			
Premiums receivable	7,050	1,960	5,090
Unearned premiums carried forward	(3,479)	(482)	(2,997)
Unearned premiums brought forward	3,522	514	3,008
Currency translation difference	1	2	(1)
Movement	44	34	10
<b>Premiums earned</b>	<u>7,094</u>	<u>1,994</u>	<u>5,100</u>

# Ansvar Insurance Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

### 3. CLAIMS INCURRED NET OF REINSURANCE

	<i>Gross</i> £'000	<i>Reinsurance</i> <i>ceded</i> £'000	<i>Net</i> £'000
<b>1999</b>			
Claims paid	5,672	1,637	4,035
Outstanding claims carried forward	9,774	4,472	5,302
Outstanding claims brought forward	(12,282)	(6,409)	(5,873)
Currency translation difference	674	492	182
Movement	(1,834)	(1,445)	(389)
<b>Claims incurred</b>	<b>3,838</b>	<b>192</b>	<b>3,646</b>
	<i>Gross</i> £'000	<i>Reinsurance</i> <i>ceded</i> £'000	<i>Net</i> £'000
<b>1998</b>			
Claims paid	6,899	2,376	4,523
Outstanding claims carried forward	12,282	6,409	5,873
Outstanding claims brought forward	(12,449)	(6,739)	(5,710)
Currency translation difference	(242)	(171)	(71)
Movement	(409)	(501)	92
<b>Claims incurred</b>	<b>6,490</b>	<b>1,875</b>	<b>4,615</b>

# Ansvar Insurance Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

### 4. SEGMENTAL REPORTING - 1999

<i>Risks located in the United Kingdom:</i>	<i>Accident</i>	<i>Motor</i>	<i>Property, pecuniary loss</i>	<i>Liability</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Gross premiums written	238	1,805	4,311	969	7,323
Gross premiums earned	228	1,750	4,156	924	7,058
Gross claims incurred	10	1,894	2,310	213	4,427
Gross operating expenses	110	316	1,885	443	2,754
<b>Gross technical result</b>	<b>108</b>	<b>(460)</b>	<b>(39)</b>	<b>268</b>	<b>(123)</b>
Reinsurance balance	11	(51)	363	34	357
<b>Net technical result</b>	<b>97</b>	<b>(409)</b>	<b>(402)</b>	<b>234</b>	<b>(480)</b>
Equalisation provision					89
<b>Balance on technical account</b>					<b>(569)</b>
<i>Discontinued operations: risks located in the Republic of Ireland</i>		<i>Motor &amp; property £'000</i>			<i>Total £'000</i>
Gross premiums written		-			-
Gross premiums earned		-			-
Gross claims incurred		(589)			(589)
Gross operating expenses		3			3
<b>Gross technical result</b>		<b>586</b>			<b>586</b>
Reinsurance balance		493			493
<b>Net technical result</b>		<b>93</b>			<b>93</b>
Profit on ordinary activities before tax – UK risks					26
Profit on ordinary activities before tax – RoI risks					127
<b>Total profit on ordinary activities before tax</b>					<b>153</b>
<b>Net technical provisions, excluding equalisation provision:</b>					
Risks located in the United Kingdom	128	3,227	3,153	1,315	7,823
Discontinued operations – risks located in the RoI	-	803	-	-	803
<b>Net assets:</b>	<b>128</b>	<b>4,030</b>	<b>3,153</b>	<b>1,315</b>	<b>8,626</b>

As at 31 December 1999, all net assets were located in the United Kingdom.

# Ansvar Insurance Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

### 4. SEGMENTAL REPORTING - 1998

<i>Risks located in the United Kingdom:</i>	<i>Accident</i>	<i>Motor</i>	<i>Property, pecuniary loss</i>	<i>Liability</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Gross premiums written	226	1,816	4,108	901	7,051
Gross premiums earned	214	1,875	4,085	886	7,060
Gross claims incurred	11	2,793	1,918	773	5,495
Gross operating expenses	95	294	1,776	321	2,486
<b>Gross technical result</b>	<b>108</b>	<b>(1,212)</b>	<b>391</b>	<b>(208)</b>	<b>(921)</b>
Reinsurance balance	12	(602)	726	(22)	114
<b>Net technical result</b>	<b>96</b>	<b>(610)</b>	<b>(335)</b>	<b>(186)</b>	<b>(1,035)</b>
Equalisation provision					75
<b>Balance on technical account</b>					<b>(1,110)</b>
<i>Discontinued operations: risks located in the Republic of Ireland</i>		<i>Motor &amp; property</i>			<i>Total</i>
		<i>£'000</i>			<i>£'000</i>
Gross premiums written		(1)			(1)
Gross premiums earned		34			34
Gross claims incurred		995			995
Gross operating expenses		54			54
<b>Gross technical result</b>		<b>(1,015)</b>			<b>(1,015)</b>
Reinsurance balance		(462)			(462)
<b>Net technical result</b>		<b>(553)</b>			<b>(553)</b>
Profit on ordinary activities before tax – UK risks					(294)
Loss on ordinary activities before tax – RoI risks					(466)
<b>Total loss on ordinary activities before tax</b>					<b>(760)</b>
<b>Net technical provisions, excluding equalisation provision:</b>					
Risks located in the United Kingdom	114	3,172	2,788	1,260	7,334
Discontinued operations – risks located in the RoI	-	1,536	-	-	1,536
	<b>114</b>	<b>4,708</b>	<b>2,788</b>	<b>1,260</b>	<b>8,870</b>

#### Net assets:

As at 31 December 1998, all net assets were located in the United Kingdom.

# Ansvar Insurance Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

<b>5. NET OPERATING EXPENSES</b>	<i>1999</i> <i>£'000</i>	<i>1998</i> <i>£'000</i>
Commission paid on direct business	846	783
Other acquisition costs	796	777
	<u>1,642</u>	<u>1,560</u>
Deferred acquisition costs carried forward	(826)	(767)
Deferred acquisition costs brought forward	767	781
	<u>(59)</u>	<u>14</u>
Change in the year		
Acquisition costs incurred	<u>1,583</u>	<u>1,574</u>
Administrative expenses	1,173	941
Reinsurance commission and profit participation	(520)	(442)
<b>Net operating expenses</b>	<u><u>2,236</u></u>	<u><u>2,073</u></u>

## 6. OPERATING LEASES

Annual commitments under non-cancellable operating leases which expire:-

	<i>1999</i>		<i>1998</i>	
	<i>Premises</i>	<i>Equipment</i>	<i>Premises</i>	<i>Equipment</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Within one year	3	3	3	3
Between 2 and 5 years	10	4	10	7
Over 5 years	-	-	-	-
	<u>13</u>	<u>7</u>	<u>13</u>	<u>10</u>
Payments included in operating expenses				

## 7. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX

	<i>1999</i> <i>£'000</i>	<i>1998</i> <i>£'000</i>
This is stated after charging:		
Depreciation:		
- property	10	14
- owned assets	81	78
Operating lease rentals	20	23
Auditors' remuneration - financial statements' audit	46	48
- regulatory audit	5	5
- other services	-	40
Commission payable to intermediaries	<u>846</u>	<u>783</u>



# Ansvar Insurance Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

### 8. STAFF NUMBERS AND COSTS

The average number of persons including executive directors employed by the company during the year was as follows:-	1999 No.	1998 No.
Management	8	8
Underwriting	9	9
Claims	3	3
Sales and administration	21	22
	<u>41</u>	<u>42</u>

The aggregate payroll costs in respect of these persons were as follows:	1999 £'000	1998 £'000
Wages and salaries	843	855
Social security costs	86	88
Other pension costs	124	124
	<u>1,053</u>	<u>1,067</u>

In addition, the costs of redundancy and early retirement, disclosed as exceptional, were as follows:	1999 £'000	1998 £'000
Severance costs	127	-
Pension contributions	161	-
	<u>288</u>	<u>-</u>
Professional fees and other costs	12	-
	<u>300</u>	<u>-</u>

### 9. DIRECTORS' EMOLUMENTS

The aggregate emoluments of the directors of the company were:	1999 £'000	1998 £'000
Emoluments (excluding payments detailed below)	34	93
Contributions to defined benefit pension scheme	5	10
	<u>39</u>	<u>103</u>

One director (1998: 1) was a member of the company's defined benefit pension scheme during the year.

The company's non-executive directors received no emoluments from the company in respect of their services to the company.

Mr G C M Williams was managing director of the company, taking early retirement on 31 May 1999 and resigning from the board on 29 June 1999. Mr Williams received payments under the terms of a compromise agreement made upon his resignation from the board, comprising a cash payment of £19,000, a contribution to the company's defined benefit pension scheme of £161,000 and non-cash compensation of a motor car and private medical insurance cover to August 2002, together valued at £11,000. Mr Williams was granted a full pension from the company's pension scheme even though he had not reached Normal Retirement Age.

# Ansvar Insurance Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

### 10. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	1999 £'000	1998 £'000
UK Corporation tax	-	-

There is no charge for the current year for United Kingdom or overseas taxation (1998:£Nil), due to the availability of trading losses brought forward from earlier years.

### 11. INVESTMENTS

	<i>Current value</i>		<i>Historical cost</i>	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
<b>Freehold land and buildings -</b>				
Occupied by the group	775	706	783	779
Other	624	645	529	603
	<u>1,399</u>	<u>1,351</u>	<u>1,312</u>	<u>1,382</u>
<b>Other financial investments -</b>				
Shares and other variable yield securities - all listed	-	1,574	-	1,168
Debt securities and other fixed income securities - all listed	2,250	2,244	2,254	2,067
Total listed investments	<u>2,250</u>	<u>3,818</u>	<u>2,254</u>	<u>3,235</u>
Other	29	29	-	-
<b>Total other financial investments</b>	<u>2,279</u>	<u>3,847</u>	<u>2,254</u>	<u>3,235</u>

#### INVESTMENTS VALUED AT AMORTISED COST:

Details of redeemable fixed interest securities valued at amortised cost are as follows:

	1999 £'000	1998 £'000
Cost	2,254	1,694
Cumulative amortisation	(4)	6
Amortised cost	<u>2,250</u>	<u>1,700</u>
Un-amortised maturity value	(3)	4
Maturity value	<u>2,247</u>	<u>1,704</u>
Market value at 31 December	<u>2,234</u>	<u>1,793</u>

# Ansvar Insurance Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

### 11. INVESTMENTS (continued)

Freehold land and buildings	<i>Occupied by group £'000</i>	<i>Other £'000</i>	<i>Total £'000</i>
<b>Historical cost</b>			
At 1 January	779	603	1,382
Purchases in the year	4	-	4
Disposals	-	(74)	(74)
At 31 December	<u>783</u>	<u>529</u>	<u>1,312</u>
<b>Valuation</b>			
At 1 January	720	645	1,365
Disposals	-	(95)	(95)
Revaluation in the year	79	74	153
At 31 December	<u>799</u>	<u>624</u>	<u>1,423</u>
<b>Provision for depreciation</b>			
At 1 January	14	-	14
Charge for the year	10	-	10
Disposals	-	-	-
At 31 December	<u>24</u>	<u>-</u>	<u>24</u>
<b>Net book value</b>			
At 31 December 1999	<u>775</u>	<u>624</u>	<u>1,399</u>
At 1 January 1999	<u>706</u>	<u>645</u>	<u>1,351</u>

### 12. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

At 31 December 1999, the company had the following investments in subsidiary undertakings.

<i>Name</i>	<i>Nature of business</i>	<i>Country of incorporation</i>	<i>Number of shares in issue</i>	<i>Proportion owned &amp; voting rights</i>
<i>Crusade Services (Insurance Brokers) Limited</i>	<i>Registered Insurance Brokers</i>	<i>England</i>	<i>5,000 Ordinary shares of £1</i>	<i>100%</i>
<i>Ansvar Insurance Agency Limited</i>	<i>Non-Trading</i>	<i>England</i>	<i>3,100 Ordinary Shares of £1</i>	<i>100%</i>
<i>Ansvar Conference Services Limited</i>	<i>Provision of study facilities</i>	<i>Scotland</i>	<i>5,000 Ordinary Shares of £1</i>	<i>100%</i>
<i>Ansvar Pensions Limited</i>	<i>UK Pension Fund Trustees</i>	<i>England</i>	<i>2 Ordinary Shares of £1</i>	<i>100%</i>

# Ansvar Insurance Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

### 12. INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

Ansvar Conference Services Limited ceased trading on 31 December 1999. Crusade Services (Insurance Brokers) Limited ceased trading as an insurance broker on 31 March 2000.

The investments in subsidiary undertakings at 31 December comprised:-	1999 £'000	1998 £'000
Shares at cost	<u>25</u>	<u>25</u>

### 13. OTHER DEBTORS

	1999 £'000	1998 £'000
Income tax recoverable	45	25
Other debtors	<u>41</u>	<u>134</u>
	<u>86</u>	<u>159</u>

### 14. TANGIBLE ASSETS

	Motor vehicles £'000	Computer equipment £'000	Furniture & equipment £'000	Total £'000
<b>Cost</b>				
At 1 January	221	283	140	644
Purchases in the year	151	54	34	239
Disposals	<u>(171)</u>	<u>-</u>	<u>-</u>	<u>(171)</u>
At 31 December	<u>201</u>	<u>337</u>	<u>174</u>	<u>712</u>
<b>Provision for depreciation</b>				
At 1 January	122	223	125	470
Charge for the year	40	29	12	81
Disposals	<u>(107)</u>	<u>-</u>	<u>-</u>	<u>(107)</u>
At 31 December	<u>55</u>	<u>252</u>	<u>137</u>	<u>444</u>
<b>Net book value</b>				
At 31 December 1999	<u>146</u>	<u>85</u>	<u>37</u>	<u>268</u>
At 1 January 1999	<u>99</u>	<u>60</u>	<u>15</u>	<u>174</u>

# Ansvar Insurance Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

### 15. TECHNICAL PROVISIONS

	<i>Unearned premiums £'000</i>	<i>Claims outstanding £'000</i>	<i>Claims equalisation £'000</i>	<i>Total £'000</i>
<b>Gross:</b>				
Balance at 1 January 1999	3,479	12,282	148	15,909
Movement in the provision	265	(1,834)	89	(1,480)
Currency differences	-	(674)	-	(674)
<b>Balance at 31 December 1999</b>	<b>3,744</b>	<b>9,774</b>	<b>237</b>	<b>13,755</b>
	<i>Unearned premiums £'000</i>	<i>Claims outstanding £'000</i>	<i>Claims equalisation £'000</i>	<i>Total £'000</i>
<b>Reinsurance:</b>				
Balance at 1 January 1999	482	6,409	-	6,891
Movement in the provision	(62)	(1,445)	-	(1,507)
Currency differences	-	(492)	-	(492)
<b>Balance at 31 December 1999</b>	<b>420</b>	<b>4,472</b>	<b>-</b>	<b>4,892</b>
	<i>Unearned premiums £'000</i>	<i>Claims outstanding £'000</i>	<i>Claims equalisation £'000</i>	<i>Total £'000</i>
<b>Net:</b>				
<b>Balance at 31 December 1999</b>	<b>3,324</b>	<b>5,302</b>	<b>237</b>	<b>8,863</b>
<b>Balance at 1 January 1999</b>	<b>2,997</b>	<b>5,873</b>	<b>148</b>	<b>9,018</b>

### 16. EQUALISATION PROVISION

The equalisation reserve, established in accordance with the Insurance Companies (Reserves) Act 1995, is required by Schedule 9A to the Companies Act 1985 to be included within technical provisions notwithstanding that it does not represent a liability at the balance sheet date. It is in addition to the provisions required to meet the anticipated ultimate cost of settling outstanding claims at the balance sheet date. This provision has reduced shareholders' funds by £237,000 (1998: £148,000). The movement in the equalisation provision during the year resulted in a decrease in the balance on the general business technical account and increase in the loss before taxation of £89,000 (1998: £75,000).

# Ansvar Insurance Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

### 17. ANALYSIS OF CLAIMS OUTSTANDING

	<i>Gross £'000</i>	<i>Reinsurance £'000</i>	<i>Net £'000</i>
<b>1999</b>			
Notified outstanding claims	6,585	2,928	3,657
Provision for claims incurred but not reported	3,088	1,544	1,544
	<u>9,673</u>	<u>4,472</u>	<u>5,201</u>
Claims handling expenses	101	-	101
	<u>9,774</u>	<u>4,472</u>	<u>5,302</u>
<b>1998</b>			
Notified outstanding claims	7,956	3,906	4,050
Provision for claims incurred but not reported	4,146	2,464	1,682
	<u>12,102</u>	<u>6,370</u>	<u>5,732</u>
Claims handling expenses	180	39	141
	<u>12,282</u>	<u>6,409</u>	<u>5,873</u>

### 18. ANALYSIS OF SIGNIFICANT MOVEMENT IN PRIOR YEAR NET CLAIMS PROVISIONS

	1999		1998	
	<i>Motor £'000</i>	<i>Other £'000</i>	<i>Motor £'000</i>	<i>Other £'000</i>
Net claims provision brought forward as at 1 January	3,578	1,976	4,008	1,665
Net payments during the year in respect of those provisions	(1,277)	(877)	(1,758)	(946)
Net claims provision carried forward in respect of claims provided at 1 January	<u>(2,019)</u>	<u>(995)</u>	<u>(2,825)</u>	<u>(1,106)</u>
<b>Over/(under) - provision dealt with through the technical account</b>	<u>282</u>	<u>104</u>	<u>(575)</u>	<u>(387)</u>
<i>Comprising:</i>				
Continuing operations	151	104	(207)	(393)
Discontinued operations	<u>131</u>	<u>-</u>	<u>(368)</u>	<u>6</u>

# Ansvar Insurance Company Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

### 19. CALLED UP SHARE CAPITAL

	<i>1999</i> £'000	<i>1998</i> £'000
<b>Authorised:</b>		
5,000,000 Ordinary shares of £1	<u>5,000</u>	<u>5,000</u>
<b>Allotted, called up and fully paid:</b>		
4,300,000 Ordinary shares of £1	<u>4,300</u>	<u>4,300</u>

### 20. MOVEMENT IN RESERVES

	<i>Profit and loss account</i> <i>1999</i> £'000	<i>Total</i> <i>1999</i> £'000
As at 1 January 1999	(2,232)	(2,232)
Profit for the financial year	153	153
Other net recognised gains and losses relating to the year:		
Exchange difference arising on restatement of foreign currency net assets	<u>(18)</u>	<u>(18)</u>
At 31 December 1999	<u>(2,097)</u>	<u>(2,097)</u>

# Ansvar Insurance Company Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

### 21. PENSION COMMITMENTS

The company operates two schemes for employees in the UK and former employees in the Republic of Ireland. The assets of both schemes are held separately from those of the company in independently administered funds.

In the Republic of Ireland the non-contributory defined contribution scheme operated by the company is now paid-up. Contributions to this scheme during the year amounted to £Nil (1998:£Nil).

In the UK the company operates a non-contributory defined benefit scheme. The contributions to this scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the attained age method. Contributions to the Scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company. The current valuation of the Scheme was prepared as at 31 December 1996, a valuation at 31 December 1999 is in the course of preparation. The 1996 valuation was completed using the following principal financial assumptions:

Main assumptions:

Rate of return on investments	8.25% per annum
Rate of salary increases	6% per annum
Rate of price inflation	4% per annum
Rate of pension increases	3% per annum pre 1997 and 3.75% per annum post 1997
Rate of dividend growth	4% per annum

The market value of the assets was £2,026,000 and the results of the valuation showed that these represented 102% of the benefits that had accrued to members. In accordance with the advice of the actuary, with effect from 1 January 1997, the contributions of the company were increased from 14% to 15% of pensionable salaries.

The net assets of the Fund at 31 December 1999 were £3,446,049.

The pension cost charged to the profit and loss account for the year in respect of the United Kingdom Scheme was £284,962 in total, comprising £123,962 normal contributions and £161,000 special contribution (1998-£123,970 in total).

### 22. PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Ecclesiastical Insurance Office plc. Its ultimate parent company and controlling party is Allchurches Trust Limited. Both companies are incorporated and operate in Great Britain.

Copies of the group accounts for both companies are available from the registered office of the company as shown on page 2.

Advantage has been taken of the exemption in Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with entities that are part of the Ecclesiastical Group.

There were no other related party transactions during the year requiring disclosure in accordance with FRS 8.