

AC. 1493

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ODYSSEY INSURANCE COMPANY LIMITED
(No. F 10368)

(Incorporated in Bermuda and
registered in England as an
overseas company under the
Companies Act, 1985)

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1994



ODYSSEY INSURANCE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1994

Notes	1994	1993
	£	£
Underwriting result transferred from revenue account		
Continuing operations	156,818	98,452
Discontinued operations (see (b) page 6)	-	159,817
	<hr/> 156,818	<hr/> 258,269
Exchange (losses) / gains	(49,965)	10,715
3 Interest receivable	<hr/> 56,470	<hr/> 29,432
Profit for the Financial Year	163,323	298,416
4 Dividends	<hr/> (725,000)	<hr/> (250,000)
8 Transfer (from) / to reserves	<hr/> (561,677)	<hr/> 48,416

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

ODYSSEY INSURANCE COMPANY LIMITED

BALANCE SHEET
as at 31 December 1994

Notes		1994 £	1993 £
	<u>ASSETS EMPLOYED</u>		
	CURRENT ASSETS		
5	Debtors	8,552,237	9,346,757
	Cash at bank and in hand	2,547,219	2,446,943
		<u>11,099,456</u>	<u>11,793,700</u>
6	CREDITORS : Amounts falling due within one year	<u>(2,184,761)</u>	<u>(2,152,436)</u>
	NET CURRENT ASSETS	<u>8,914,695</u>	<u>9,641,264</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES	<u><u>8,914,695</u></u>	<u><u>9,641,264</u></u>
	<u>FINANCED BY</u>		
7	Share capital	7,500,000	7,500,000
8	Profit and loss account	<u>528</u>	<u>562,205</u>
9	Shareholders' funds	7,500,528	8,062,205
	Revenue account	<u>1,414,167</u>	<u>1,579,059</u>
		<u><u>8,914,695</u></u>	<u><u>9,641,264</u></u>

On behalf of the Board

R B Swift
15 June 1995

Director

ODYSSEY INSURANCE COMPANY LIMITED

REVENUE ACCOUNT
for the year ended 31 December 1994

Notes	1994 £	1993 £
At 1 January	1,579,059	1,505,610
Premiums closed and accounted for	591,522	709,075
Other income	4,005	4,894
	<u>595,527</u>	<u>713,969</u>
Claims paid	(145,347)	(245,345)
Reinsurers' balances previously provided for and now written off as irrecoverable	(327,921)	-
Management expenses	(155,896)	(220,975)
	<u>(629,164)</u>	<u>(466,320)</u>
3 Interest receivable	64,603	68,513
Exchange adjustments	(39,040)	15,556
Transfer to profit and loss account	(156,818)	(258,269)
At 31 December	<u>1,414,167</u>	<u>1,579,059</u>

ODYSSEY INSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS
for the year ended 31 December 1994

Notes	1994		1993	
	£	£	£	£
Operating profit	156,818		258,269	
Exchange not allocated to underwriting	(49,965)		10,715	
Depreciation charges	-		3,348	
Decrease / (Increase) in debtors	794,520		(884,504)	
(Decrease) / Increase in creditors	(442,675)		645,854	
(Decrease) / Increase in revenue account	<u>(164,892)</u>		<u>73,449</u>	
Net cash inflow from operating activities		293,806		107,131
Returns on investments				
Interest received	56,470		29,432	
Dividend paid	<u>(250,000)</u>		<u>-</u>	
Net cash inflow from returns on investments		(193,530)		29,432
Investing activities				
Purchase of fixed assets	-		-	
Transfer of fixed assets	<u>-</u>		<u>8,065</u>	
Net cash inflow from investing activities		-		8,065
12 Increase in cash balances		<u>100,276</u>		<u>144,628</u>

ODYSSEY INSURANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31 December 1994

The accounting policies adopted by the Company are set out below and are consistent with those of the previous year.

(a) ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) UNDERWRITING RESULTS

Ocean Group business has been dealt with on a revenue basis. The Company ceased accepting risks other than Ocean Group business at the end of 1984, and provision was made at the end of 1987 for the estimated outstanding liabilities and run-off costs, net of investment income, to termination. Costs incurred and investment income received during the year have been set against this provision.

(c) TAXATION

The ultimate parent undertaking has undertaken to discharge the Company's liability to UK Corporation tax.

(d) FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are expressed at the rates of exchange ruling at the balance sheet date. Profits or losses due to currency fluctuations, including those arising on the settlement of day to day transactions, are dealt with through the profit and loss account.

ODYSSEY INSURANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS (cont)
for the year ended 31 December 1994

1. General

The Company which is incorporated under the laws of Bermuda and is registered in England as an overseas company under part XXIII of the Companies Act 1985, commenced the underwriting of certain classes of marine insurance in the United Kingdom on 1st January 1981 in accordance with its authorisation under the Insurance Companies Act 1974.

2. Principal activity

The principal activity of the Company is the underwriting of marine insurance business in the United Kingdom.

3. Interest receivable

Interest receivable on bank deposits totals £121,073 (1993: £97,945). Of this £56,470 has been credited to profit and loss account (1993: £29,432). The balance of £64,603 has been credited to the revenue account (1993: £68,513).

The loan to the parent undertaking of £6,395,940 (1993: £6,395,940) is interest free and is repayable on demand.

4. Dividends

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Proposed	<u>725,000</u>	<u>250,000</u>

ODYSSEY INSURANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS (cont)
for the year ended 31 December 1994

5. Debtors

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Loan to parent undertaking		
Due from fellow subsidiary undertakings	6,395,940	6,395,940
Trade debtors	342	6,034
Prepayments and accrued income	1,443,306	2,062,061
	<u>712,649</u>	<u>882,722</u>
	<u><u>8,552,237</u></u>	<u><u>9,346,757</u></u>

6. Creditors : amounts falling due within one year

Due to parent undertaking	3,111	12,223
Due to fellow subsidiary undertakings	26,049	-
Dividend payable	725,000	250,000
Trade Creditors	631,494	813,119
Accruals	<u>799,107</u>	<u>1,077,094</u>
	<u><u>2,184,761</u></u>	<u><u>2,152,436</u></u>

7. Share capital

	Number of shares	1994 £	1993 £
Authorised, issued and fully paid shares of Bermuda \$2.40 each	<u><u>7,500,000</u></u>	<u><u>7,500,000</u></u>	<u><u>7,500,000</u></u>

ODYSSEY INSURANCE COMPANY LIMITED

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 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.

AUDITORS' REPORT TO THE SHAREHOLDERS OF
ODYSSEY INSURANCE COMPANY LIMITED

We have audited the financial statements on pages 2 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 10, 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 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 balance sheet of the Company gives a true and fair view of the state of the Company's affairs as at 31 December 1994 and has been properly prepared in accordance with the Companies Act 1985, and the accounts have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to insurance companies.

Price Waterhouse
Chartered Accountants
and Registered Auditors

27 June 1995

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