

THE WEST OF ENGLAND SHIP OWNERS
MUTUAL INSURANCE ASSOCIATION
(LONDON) LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 20 FEBRUARY 2012

REGISTERED NUMBER 22211

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THE WEST OF ENGLAND SHIP OWNERS MUTUAL INSURANCE ASSOCIATION
(LONDON) LIMITED (Limited by Guarantee) Registered number 22211

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Members will be held in the Hotel Le Royal, 12 Boulevard Royal, 2449 Luxembourg, on Wednesday 19 September 2012 at 12 00 hours, for the following purposes

- 1 To approve the Report of the Directors and the Financial Statements for the year ended 20 February 2012
- 2 To elect Directors
- 3 To re-appoint PricewaterhouseCoopers LLP as Auditors of the Association and to fix their remuneration
- 4 To transact any other ordinary business of the Association

By order of the Board



R J B Searle
Secretary

Date 24 APRIL 2012

NOTE A Member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, to vote instead of him. A proxy need not be a Member of the Association. The instrument appointing a proxy shall be left with the Secretary not later than 48 hours before the holding of the Meeting.

THE WEST OF ENGLAND SHIP OWNERS MUTUAL INSURANCE ASSOCIATION
(LONDON) LIMITED (Limited by Guarantee) Registered number 22211

Directors

L Tsangarides (Chairman)
A R C B Cooke
P R L Lorenz-Meyer
M T Los

Registered Office

Tower Bridge Court
226 Tower Bridge Road
London
SE1 2UP
United Kingdom

Telephone 020 7716 6000

Registered Number : 22211

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London
Riverside
London
SE1 2RT
United Kingdom

REPORT OF THE DIRECTORS for the year ended 20 February 2012

The Directors present their annual report together with the audited financial statements of the Association for the year ended 20 February 2012

Principal activity

The principal activity of the Association during the year was the continued run off of the risks of Class 2, Freight, Demurrage and Defence

Pursuant to the reinsurance agreement with The West of England Ship Owners Mutual Insurance Association (Luxembourg), this Association ceased to insure Class 2 risks after 20 February 1986 and from that date held all the assets of Class 2 as trustee for The West of England Ship Owners Mutual Insurance Association (Luxembourg). The business of Class 2 relating to risks insured prior to 20 February 1986 continued to be reinsured by The West of England Reinsurance (Hamilton) Limited on a quota-share basis with the residual result being fully reinsured by The West of England Ship Owners Mutual Insurance Association (Luxembourg). From 20 February 1992, the reinsurance of Class 2 by The West of England Reinsurance (Hamilton) Limited ceased.

Also pursuant to the reinsurance agreement with The West of England Ship Owners Mutual Insurance Association (Luxembourg), this Association ceased to insure Class 3 and Class 4 risks, Ships Officers and Crew Strikes and Port Area Strikes respectively, after 20 February 1987. The reinsurance of these Classes by The West of England Reinsurance (Hamilton) Limited ceased on 20 February 1992. The risks of Classes 3 and 4 are considered to be fully run off.

The business of Class 1, Protection and Indemnity, ceased from 20 February 1970. Special reinsurance arrangements for the relevant policy years up to and including 1969/70 have been made with The West of England Ship Owners Mutual Insurance Association (Luxembourg), whereby that Association agrees to reinsure, indemnify and hold harmless this Association. In addition, this Association may require that the Luxembourg Association shall pay or discharge directly or put this Association in sufficient funds to pay any claim. As a result, all payments are being made directly by the Luxembourg Association.

Financial statements

The Income & Expenditure Account which is set out on pages 8 and 9 shows transactions resulting in a net amount receivable from The West of England Ship Owners Mutual Insurance Association (Luxembourg) by way of a reinsurance claim for Class 2 of \$30,207 (2011 \$77,541). In addition, there was an increase of \$7,700 in the amount forecast to be recovered from the West of England Ship Owners Mutual Insurance Association (Luxembourg), (2011 \$15,400).

These financial statements have been prepared in accordance with the provisions of The Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 relating to insurance companies and with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers dated December 2005 (as amended December 2006).

REPORT OF THE DIRECTORS for the year ended 20 February 2012 (continued)

Business review

A Consolidated Policy Year Statement for Class 2 has been drawn up on the same basis as in previous years and is set out on pages 16 and 17. This incorporates the assets which were held by Class 2 of The West of England Reinsurance (Hamilton) Limited at 20 February 1992 and were transferred at that date to International Shipowners Reinsurance Company SA, a wholly owned subsidiary of The West of England Ship Owners Mutual Insurance Association (Luxembourg), and the income and expenditure since attributable to those assets.

The ultimate liability for outstanding and unnotified claims has been evaluated and the relevant figures have been incorporated in the Consolidated Policy Year Statement referred to above. A number of assumptions have been made in arriving at the ultimate claims liabilities and the underlying claims estimates on which they are based, and, to the extent that time may alter the validity of those assumptions, the projected figures may vary significantly. The Board and Managers closely monitor the outstanding cases of which only 3 files now remain open (2011: 3). The projected ultimate cumulative deficit of Class 2 is \$2.85 million (2011: \$2.81 million).

Under the terms of the reinsurance agreement, all claims are subject to the approval of The West of England Ship Owners Mutual Insurance Association (Luxembourg).

Future developments

The Directors do not anticipate any change to the principal activity of the Association and will continue to run-off the remaining risks of Class 2, Freight, Demurrage and Defence.

Financial risk management objectives

Schedule 7 of the Companies Act requires disclosure, where material, of the financial risk management objectives and policy of the Association and of its exposure to credit and liquidity risks. The Association is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and policyholder liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from policies as they fall due, however, the Association manages its policyholder liabilities in full by reinsurance and, because of this, the impact of such financial risk is low.

Credit and cash flow risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The key area where the Association is exposed to credit risk is the reinsurance with The West of England Ship Owners Mutual Insurance Association (Luxembourg). Because of the strong financial position of the reinsurer, this risk is regarded as low.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Association maintains sufficient cash balances and liquidity to manage anticipated liabilities and unexpected demand.

REPORT OF THE DIRECTORS for the year ended 20 February 2012 (continued)

Principal risks

The principal risks of the Association arise from inadequate reserving and the severity of claims compared to expectations. The open claims are assessed by a senior claims handler periodically throughout each year.

Key performance indicators

It is a requirement under Section 417 of the Companies Act 2006 for the Directors to disclose, to the extent necessary, the key performance indicators relevant for an understanding of the position and performance of the business. In view of the few remaining open claims within the outstanding claims projections, as referred to in the Business Review above, the Directors consider that the key objective is to run the remaining claims off at as little cost as possible. The key performance indicators, therefore, are the remaining number of open claims and the costs incurred in running off these claims.

	2012	2011
Number of open claims	3	3
Gross claims incurred	\$(11,950)	\$(71,177)
Other income and expenditure	\$(25,957)	\$(21,764)

Directors

The Directors of the Association who were in office during the year and up to the date of signing the financial statements are listed on page 1.

All of the Directors will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Statement of disclosure of information to auditors

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the Association's auditors are unaware and that each Director has taken steps that ought to have been taken as Director to make himself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

REPORT OF THE DIRECTORS for the year ended 20 February 2012 (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the profit or loss of the Association for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Association will be proposed at the Annual General Meeting.

Proposed winding-up

At a meeting of the Board of Directors on 6 February 2001, it was unanimously resolved that, subject to the receipt of legal advice, the Association should proceed to be wound-up. Certain legal advice was received, which raised a number of consequential issues on which further advice was required. The Board agreed that no further steps be taken to wind up the Association. The position remains fundamentally unchanged from last year.

By order of the Board



R J B Searle
Secretary

Date 24 APRIL 2012

**Independent auditors' report to the Members of
The West of England Mutual Insurance Association (London) Limited**

We have audited the financial statements of The West of England Mutual Insurance Association (London) Limited for the year ended 20 February 2012 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Association's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Association's affairs as at 20 February 2012 and of its result and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Independent auditors' report to the Members of
The West of England Mutual Insurance Association (London) Limited (continued)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Matthew Nichols

Matthew Nichols (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date *24 April 2012*

INCOME & EXPENDITURE ACCOUNT
for the year ended 20 February 2012

TECHNICAL ACCOUNT – General Business	Note	2012 Class 2 \$	2011 Class 2 \$
Allocated investment return transferred from the non-technical account		(95)	382
Total technical income		<u>(95)</u>	<u>382</u>
Claims paid			
Gross amount		(4,250)	(55,777)
Reinsurers' share		<u>4,250</u>	<u>55,777</u>
		<u>-</u>	<u>-</u>
Claims incurred net of reinsurance			
Change in the provision for claims			
- gross amount		(7,700)	(15,400)
- reinsurers' share		<u>7,700</u>	<u>15,400</u>
		<u>-</u>	<u>-</u>
Claims incurred net of reinsurance		<u>-</u>	<u>-</u>
Net operating expenses	2	(25,862)	(22,146)
Reinsurers' share of other expenditure		<u>25,957</u>	<u>21,764</u>
Total technical charges		<u>95</u>	<u>(382)</u>
Balance on the general business technical account		<u>-</u>	<u>-</u>

The accompanying notes form an integral part of these financial statements

INCOME & EXPENDITURE ACCOUNT
for the year ended 20 February 2012

NON-TECHNICAL ACCOUNT	Note	2012 Class 2 \$	2011 Class 2 \$
Balance on the general business technical account		-	-
Investment income		-	1
Investment expenses and charges	4	(95)	-
Other income	4	-	381
Allocated investment return transferred to the general business technical account		95	(382)
Surplus on ordinary activities before tax		<hr style="width: 100%; border: 0.5px solid black;"/> -	<hr style="width: 100%; border: 0.5px solid black;"/> -
Tax on surplus on ordinary activities		-	-
Surplus for financial year		<hr style="width: 100%; border: 0.5px solid black;"/> - <hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/> - <hr style="width: 100%; border: 0.5px solid black;"/>

There are no Income & Expenditure Account movements for Classes 1, 3 and 4. There are no recognised gains or losses for the year other than those shown in the above Income & Expenditure Account and accordingly a Statement of Recognised Gains and Losses is not presented. All of the results are in respect of discontinued operations.

Note of historical profits and losses

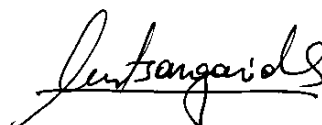
There are no other differences between the profit on ordinary activities before tax or the profit for the financial year stated above and their historical cost equivalents.

The accompanying notes form an integral part of these financial statements

BALANCE SHEET
As at 20 February 2012

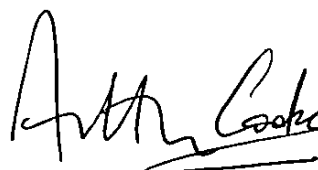
ASSETS	Note	2012 \$	2011 \$
Reinsurers' share of claims outstanding		56,100	48,400
Other assets			
Cash at bank and in hand		24,145	25,937
TOTAL ASSETS		<u>80,245</u>	<u>74,337</u>
 LIABILITIES			
Capital and reserves			
Income & Expenditure Account		-	-
Technical provisions			
Claims outstanding		56,100	48,400
Creditors			
Arising out of reinsurance operations	6	2,446	22,040
Other creditors including taxation and social security		<u>21,699</u>	<u>3,897</u>
		<u>24,145</u>	<u>25,937</u>
TOTAL LIABILITIES		<u>80,245</u>	<u>74,337</u>

LOUCAS TSANGARIDES



Director

ARCB COOKE



Director

Date 24 APRIL 2012

The accompanying notes form an integral part of these financial statements

CASH FLOW STATEMENT
for the year ended 20 February 2012

	Note	2012 \$	2011 \$
Net cash (outflow) / inflow from operating activities	3	(1,792)	3,209
Returns on investments and servicing of finance			
Interest received		-	1
Net cash (outflow) / inflow		<u>(1,792)</u>	<u>3,210</u>
Cash flows were applied as follows			
(Decrease) / increase in cash holdings		(1,792)	3,210
Net application of cash flows		<u>(1,792)</u>	<u>3,210</u>

The accompanying notes form an integral part of these financial statements

Notes to the financial statements for the year-ended 20 February 2012

1. Accounting policies

General

The financial statements have been prepared in accordance with applicable UK Accounting Standards. As stated in the Report of the Directors, the financial statements have been prepared in accordance with the provisions of The Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 relating to insurance companies and with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers dated December 2005 (as amended December 2006). The Regulations use "Profit and Loss Account" as a heading, which is replaced by "Income & Expenditure Account" throughout these financial statements consistent with the mutual status of the Association.

All figures are reported in US Dollars (\$)

Reinsurance and pooling arrangements

Class 2

Reinsurance cover for Class 2, on an excess of loss basis, has been effected with The West of England Ship Owners Mutual Insurance Association (Luxembourg) since 20 February 1982 and for new building risks since 20 February 1985.

In exchange for The West of England Ship Owners Mutual Insurance Association (Luxembourg) agreeing on 18th October 1985 to reinsure the totality of the risks insured by Class 2 up to 20 February 1986, this Association agreed from that date to hold all the assets pertaining to Class 2 as trustee for The West of England Ship Owners Mutual Insurance Association (Luxembourg) and to transfer them to that Association on demand. This right of transfer was exercised immediately upon the close of business on 20 February 1986 in respect of the Association's shareholding in the West of England Reinsurance (Hamilton) Limited. The business of Class 2 ceased on 20 February 1986 save for the purpose of winding up such business.

Class 3 and Class 4

The business of Class 3 and Class 4 ceased on 20 February 1987 save for the purpose of winding up such business, which has been reinsured with The West of England Ship Owners Mutual Insurance Association (Luxembourg). This business is regarded as fully run off.

Class 1

The business of Class 1, Protection and Indemnity, ceased from 20 February 1970. Special reinsurance arrangements for the relevant policy years up to and including 1969/70 have been made with The West of England Ship Owners Mutual Insurance Association (Luxembourg), whereby that Association agrees to reinsure, indemnify and hold harmless this Association. In addition, this Association may require that the Luxembourg Association shall pay or discharge directly or put this Association in sufficient funds to pay any claim. As a result, all payments are being made directly by the Luxembourg Association.

Notes to the financial statements for the year-ended 20 February 2012 – continued

Accounting policies - continued

Basis of insurance

Calls are levied on a policy year basis. Members remain liable for their rateable proportion of any excess of claims and expenses over income in respect of the particular Class in which they were entered, which obligation continues despite the reinsurance arrangements with The West of England Ship Owners Mutual Insurance Association (Luxembourg). Claims are included in policy years by reference to the date of the incident and reinsurance recoveries are allocated accordingly.

Investment income

Bank and other interest is credited to the Income & Expenditure Account as earned. For Class 2, investment income may be allocated to policy years at the discretion of the Directors.

Transfer of investment return

A transfer of investment return, including foreign exchange gains and losses, expenses and charges, before tax, is made from the non-technical account to the technical account to reflect the return made on those assets directly attributable to the insurance business.

Claims paid

Claims are charged to the Income & Expenditure Account when they have been passed by the Directors. Credit is taken for reinsurance recoveries due in respect of claims accounted for at the Balance Sheet date.

Claims outstanding

Claims outstanding include estimates of notified outstanding claims together with a provision for claims incurred but not reported. Significant delays may occur before claims are settled and, accordingly, a substantial measure of experience and judgement is required in assessing the ultimate cost of outstanding claims, which cannot be known with certainty at the Balance Sheet date. The figures include provision for claims handling costs.

Operating expenses

Management and other expenses are dealt with on an accruals basis. Claims handling expenses are allocated to claims paid.

Foreign currencies

Transactions in currencies other than US Dollars are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US Dollars are translated using the rate of exchange ruling at the Balance Sheet date. Exchange differences on translation are included in the Income & Expenditure Account.

Notes to the financial statements for the year-ended 20 February 2012 – continued

2. Net operating expenses

Auditors' remuneration

During the year the Association obtained the following services from its auditor at costs detailed below

	2012 \$	2011 \$
Audit services		
Fees payable to the Association's auditor for the audit of the Association's accounts	8,558	9,273
Non-audit services		
Other services pursuant to legislation, including the audit of the regulatory return	6,675	7,577
Tax services	8,368	3,897
	<u>23,601</u>	<u>20,402</u>
Other operating expenses	2,261	1,744
	<u>25,862</u>	<u>22,146</u>

There were four Directors (2011 six) employed by the Association during the year. No fees were paid to the Directors for the year ended 20 February 2012 (2011 \$ nil). No other staff were employed.

3. Reconciliation of operating profit to net cash inflow from operating activities

	2012 \$	2011 \$
Surplus on ordinary activities before tax	-	-
Less investment income	-	(1)
Operating surplus / (deficit)	-	(1)
(Decrease) / increase in creditors	(1,792)	3,210
Increase in technical provisions	7,700	15,400
Increase in reinsurers' share of technical provisions	(7,700)	(15,400)
Net cash (outflow) / inflow from operating activities	<u>(1,792)</u>	<u>3,209</u>

4. Foreign exchange

Exchange losses (2011 gains) on the revaluation of the sterling bank account are shown in "Investment expenses and charges" (2011 "Other income")

Notes to the financial statements for the year-ended 20 February 2012 – continued

5. Exchange rates

The average exchange rate for the year was \$1 = £0 6256 (2011 \$1 = £0 6477) The closing exchange rate for the year was \$1 = £0 6310 (2011 \$1 = £0 6159)

6. Ownership of net assets

The assets of this Association are held in trust for The West of England Ship Owners Mutual Insurance Association (Luxembourg), the net balance due to that Association of \$2,446 (2011 \$22,040) is included in Creditors arising out of reinsurance operations

7. Guarantee

Under the Memorandum of Association, the Association is limited by guarantee not exceeding £5 per Member for every 100 tons or part of 100 tons entered

8. Class 1, Protection and Indemnity

Under the accounting policies the business of Class 1, Protection and Indemnity, is covered by special reinsurance arrangements for the relevant policy years up to and including 1969/70 The amounts involved are excluded from the Income & Expenditure Account Gross claims paid in the year amount to \$3,000,016 (2011 \$2,493,143) less reinsurance recoveries of nil (2011 \$8,274) leading to a net reinsurance recovery from The West of England Ship Owners Mutual Insurance Association (Luxembourg) of \$3,000,016 (2011 \$2,484,869)

9 Related parties

All risks insured by this Association up to the date when it ceased underwriting are reinsured with The West of England Ship Owners Mutual Insurance Association (Luxembourg) Notwithstanding, Members of this Association retain obligations and rights and some of the Members of this Association are also Members of The West of England Ship Owners Mutual Insurance Association (Luxembourg)

Until 14 January 2005, the Association was managed by The West of England Ship Owners Insurance Services Limited, a management company wholly owned by The West of England Ship Owners Mutual Insurance Association (Luxembourg) Other than those disclosed in these financial statements there were no outstanding balances with related parties at either 20 February 2012 or 20 February 2011

THE WEST OF ENGLAND SHIP OWNERS MUTUAL INSURANCE ASSOCIATION
(LONDON) LIMITED (Limited by Guarantee) Registered number 22211

**APPENDIX I – Class 2 Consolidated Policy Year Statement at 20 February 2012
for all years up to and including 1985/86 (unaudited)**

\$'000	80/81 & Prior	81/82	82/83	83/84	84/85	85/86	Policy Year Reserve Account	Allocation Account	Total
Calls		5,873	6,101	5,536	4,778	4,282	12,642		
Reinsurance premiums		(375)	(418)	(424)	(452)	(348)			
Net premiums		5,498	5,683	5,112	4,326	3,934			
Investment income after taxation and exchange differences		490	395	318	(101)	-		1,525	
		5,988	6,078	5,430	4,225	3,934			
Management expenses (including Audit fee and Directors' fees)		(557)	(690)	(804)	(644)	(990)	(2,576)		
Net income		5,431	5,388	4,626	3,581	2,944	10,066	1,525	
Net claims paid		(5,744)	(4,880)	(3,657)	(4,058)	(2,040)			
Balance before outstanding claims	(15,978)	(313)	508	969	(477)	904	10,066	1,525	(2,796)
Projected outstanding claims	(37)	-	-	(8)	(11)	-			(56)
Projected balance	(16,015)	(313)	508	961	(488)	904	10,066	1,525	(2,852)

Notes to the Class 2 Consolidated Policy Year Statement

- 1 This appendix combines the results of Class 2 of The West of England Ship Owners Mutual Insurance Association (London) Limited with Class 2 of The West of England Reinsurance (Hamilton) Limited which was, until 20 February 1986, wholly owned by the Association and which undertook reinsurance of the Association until 20 February 1992. The projected balance shown represents the total amount projected to be recoverable for Class 2 under the reinsurance arrangements with the West of England Shipowners Mutual Insurance Association (Luxembourg), described more fully in the Financial Statements of this Association.

Notes to the Class 2 Consolidated Policy Year Statement - continued

- 2 Until 20 February 1984, all accounting records were maintained in sterling and in so far as the figures at that date are included above, they have been translated into US Dollars at the rate ruling on 20 February 1984
- 3 The Allocation Account represents cumulative investment income earned and exchange differences from 20 February 1985
- 4 The figures for projected outstanding claims represent the projected ultimate liabilities remaining for the policy years shown. In arriving at these figures, a number of important assumptions have been made and to the extent that time may alter the validity of those assumptions, the projected figures may vary significantly
- 5 For the purpose of this Statement, claims paid exclude claims handling expenses allocated to claims. These are included in Management expenses. Appropriate provision is made in outstanding and unnotified claims for future claims handling costs