

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

ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 20 FEBRUARY 2015

REGISTERED NUMBER: 22211

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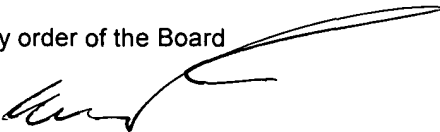
THE WEST OF ENGLAND SHIP OWNERS MUTUAL INSURANCE ASSOCIATION
(LONDON) LIMITED (Limited by Guarantee) Registered number 22211

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, 23 September 2015 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 2015.
2. To elect Directors.
3. To transact any other ordinary business of the Association.

By order of the Board



M H Pender
Secretary

Date: 29 APRIL 2015

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)
P R L Lorenz-Meyer
M T Los

Registered Office

Tower Bridge Court
226 Tower Bridge Road
London
SE1 2UP

Telephone: 020 7716 6000

Registered Number: 22211

Independent Auditors

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

STRATEGIC REPORT for the year ended 20 February 2015

The Directors present their Strategic Report for the year ended 20 February 2015.

Principal activities

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

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).

The Income & Expenditure Account which is set out on pages 9 and 10 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 \$77,454 (2014 \$54,093). In addition, there was a decrease of \$114,070 in the amount forecast to be recovered from the West of England Ship Owners Mutual Insurance Association (Luxembourg) (2014 \$95,700 increase).

STRATEGIC REPORT for the year ended 20 February 2015 (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 17 and 18. 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 S.A., 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 management closely monitor the outstanding cases of which only 2 files remained open at 20 February 2015 (2014 - 2). One of these two open claims was closed on 25 March 2015. The projected ultimate cumulative deficit of Class 2 is \$2.98 million (2014 \$3.02 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.

STRATEGIC REPORT for the year ended 20 February 2015 (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.

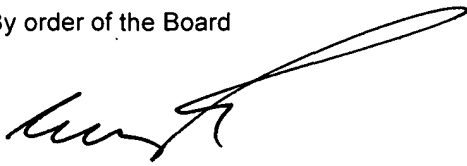
Key performance indicators

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.

	2015	2014
Number of open claims	2	2
Gross claims incurred decrease / (increase)	\$54,398	\$(131,929)
Other income and expenditure	\$(17,782)	\$(17,864)

One of the two open claims at 20 February 2015 was closed on 25 March 2015.

By order of the Board



M H Pender
Secretary

Date: 29 APRIL 2015

REPORT OF THE DIRECTORS for the year ended 20 February 2015

Directors

The Directors of the Association who were in office at the date of signing the financial statements are listed on page 1 all these Directors held office throughout the year under review.

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.

Future developments

Future developments are discussed in the Strategic Report. There are no post balance sheet events to report.

Financial risk

Financial risk is discussed in the Strategic Report. There are no post balance sheet events to report.

REPORT OF THE DIRECTORS for the year ended 20 February 2015 (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, 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 prepared 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;
- 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 appoint 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 2011, 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



M H Pender
Secretary

Date: 29 APRIL 2015

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Association's affairs as at 20 February 2015 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by The West of England Ship Owners Mutual Insurance Association (London) Limited, comprise:

- the Balance Sheet as at 20 February 2015;
- the Income & Expenditure Account for the year then ended;
- the Cash Flow Statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

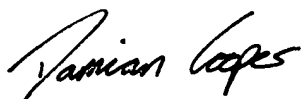
Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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 ISAs (UK & 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.



Damian Cooper (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

29 April 2015

INCOME & EXPENDITURE ACCOUNT
for the year ended 20 February 2015

TECHNICAL ACCOUNT – General Business	Note	2015 Class 2 \$	2014 Class 2 \$
Allocated investment return transferred from the non-technical account		(240)	(84)
Total technical charges		<u>(240)</u>	<u>(84)</u>
Claims incurred net of reinsurance			
Claims paid			
Gross amount		(59,672)	(36,229)
Reinsurers' share		59,672	36,229
		<u>-</u>	<u>-</u>
Change in the provision for claims			
Gross amount		114,070	(95,700)
Reinsurers' share		(114,070)	95,700
		<u>-</u>	<u>-</u>
Claims incurred net of reinsurance		<u>-</u>	<u>-</u>
Net operating expenses	2	(17,542)	(17,780)
Reinsurers' share of other expenditure		17,782	17,864
Total technical income		<u>240</u>	<u>84</u>
Balance on the technical account for general business		<u>-</u>	<u>-</u>

The accompanying notes from page 13 to page 16 form an integral part of these financial statements.

INCOME & EXPENDITURE ACCOUNT
for the year ended 20 February 2015

NON-TECHNICAL ACCOUNT	Note	2015 Class 2 \$	2014 Class 2 \$
Balance on the general business technical account		-	-
Investment income		1	-
Investment expenses and charges	4	(241)	(84)
Allocated investment return transferred to the general business technical account		240	84
Result on ordinary activities before tax		-	-
Tax on result on ordinary activities		-	-
Result for financial year		-	-

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

Gains and losses of an insurance company arising on the holding or disposal of investments are not required to be included in a note of historical profits and losses. There are no other differences between the result on ordinary activities before tax or the result for the financial year stated above and their historical cost equivalents.

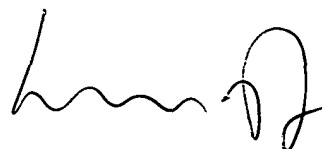
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THE WEST OF ENGLAND SHIP OWNERS MUTUAL INSURANCE ASSOCIATION
(LONDON) LIMITED (Limited by Guarantee) Registered number 22211

BALANCE SHEET
As at 20 February 2015

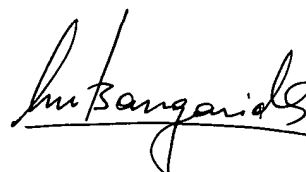
ASSETS	Note	2015 \$	2014 \$
Reinsurers' share of technical provisions		34,430	148,500
Other debtors		193	183
Cash at bank and in hand		21,478	23,339
TOTAL ASSETS		<u>56,101</u>	<u>172,022</u>
LIABILITIES			
Capital and reserves			
Income & Expenditure Account		-	-
Technical provisions			
Claims outstanding		34,430	148,500
Creditors			
Creditors arising out of reinsurance operations	6	6,074	7,049
Other creditors including taxation and social security		15,597	16,473
		<u>21,671</u>	<u>23,522</u>
TOTAL LIABILITIES		<u>56,101</u>	<u>172,022</u>

The Financial Statements on pages 9 to 16 were approved by the Board of Directors on 29 April 2015
And signed on its behalf by:



Director

P R L LORENZ-MEYER



Director

L TSANGARIDES

The accompanying notes from page 13 to page 16 form an integral part of these financial statements.

CASH FLOW STATEMENT
for the year ended 20 February 2015

	Note	2015 \$	2014 \$
Net cash outflow from operating activities	3	(1,862)	(1,236)
Returns on investments and servicing of finance			
Interest received		1	-
Net cash outflow		<u>(1,861)</u>	<u>(1,236)</u>
Cash flows were applied as follows			
Decrease in cash holdings		(1,861)	(1,236)
Net application of cash flows		<u>(1,861)</u>	<u>(1,236)</u>

The accompanying notes from page 13 to page 16 form an integral part of these financial statements.

Notes to the financial statements for the year-ended 20 February 2015

1. Accounting policies

General

The financial statements have been prepared under the going concern basis, the historic cost convention, in accordance with the Companies Act 2006 and applicable UK Accounting Standards. As stated in the Strategic Report, 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 (ABI SORP) 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. The principle accounting policies, which have been applied consistently throughout the year are set out below.

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 2015 – 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 2015 – continued

2. Net operating expenses

Auditors' remuneration

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

	2015 \$	2014 \$
Audit services		
Fees payable to the Association's auditor for the audit of the Association's financial statements	8,763	9,255
Non-audit services		
Other services pursuant to legislation, including the audit of the regulatory return	6,834	7,218
Tax services	-	-
	<u>15,597</u>	<u>16,473</u>
Other operating expenses	<u>1,945</u>	<u>1,307</u>
	<u>17,542</u>	<u>17,780</u>

On 10 July 2012 the Association received confirmation from HM Revenue & Customs that it was content to treat the Association as dormant for tax purposes. No tax payments were therefore made in the year ended 20 February 2015.

There were three Directors (2014 three) employed by the Association during the year. No fees were paid to the Directors for the year ended 20 February 2015 (2014 \$ nil). No other staff were employed.

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

	2015 \$	2014 \$
Result on ordinary activities before tax	-	-
Less investment income	(1)	-
Operating result	<u>(1)</u>	<u>-</u>
Decrease in creditors	(1,851)	(1,053)
Increase in debtors	(10)	(183)
(Decrease) / increase in technical provisions	(114,070)	95,700
Decrease / (increase) in reinsurers' share of technical provisions	114,070	(95,700)
Net cash outflow from operating activities	<u>(1,862)</u>	<u>(1,236)</u>

4. Foreign exchange

Exchange losses (2014 losses) on the revaluation of the sterling bank account are shown in "Investment expenses and charges" (2014 "Investment expenses and charges").

Notes to the financial statements for the year-ended 20 February 2015 – continued

5. Exchange rates

The average exchange rate for the year was \$1 = £0.6152 (2014 \$1 = £0.6364). The closing exchange rate for the year was \$1 = £0.6506 (2014 \$1 = £0.6010).

6. Creditors arising out of reinsurance operations

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 \$6,074 (2014 \$7,049) 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 \$1,487,504 (2014 \$1,871,910) less reinsurance recoveries of nil (2014 \$1,109) leading to a net reinsurance recovery from The West of England Ship Owners Mutual Insurance Association (Luxembourg) of \$1,487,504 (2014 \$1,870,801).

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 2015 or 20 February 2014.

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 2015
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)	-		1,526	
		5,988	6,078	5,430	4,225	3,934			
Management expenses (including Audit fee and Directors' fees)		(557)	(690)	(804)	(644)	(990)	(2,625)		
Net income		5,431	5,388	4,626	3,581	2,944	10,017	1,526	
Net claims paid		(5,744)	(4,880)	(3,657)	(4,071)	(2,040)			
Balance before outstanding claims	(16,066)	(313)	508	969	(490)	904	10,017	1,526	(2,945)
Projected outstanding claims	(33)	-	-	(1)	-	-			(34)
Projected balance	(16,099)	(313)	508	968	(490)	904	10,017	1,526	(2,979)

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.