

# Directors' Report & Financial Statements

The United Kingdom Freight Demurrage and Defence Association Limited  
For the year ended 20th February, 2009

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# Notice of Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Members will be held in London on the 17th day of September, 2009 at 10.00 a.m. for the following purposes:-

- to receive and adopt the Directors' Report and Financial Statements for the year ended 20 February, 2009;
- to re-elect Directors;
- to re-appoint the Auditors and authorise the Directors to fix their remuneration; and
- to transact any other business.

By Order of the Board

I.R. Jarrett

**Secretary**

23 April, 2009

# The United Kingdom Freight Demurrage and Defence Association Limited

## Directors

E. F. André

A. S. Bernard

M. Bottiglieri

R. G. Crawford, C.B.E.

P. P. Decavèle

B. C. Goulandris (appointed on 15 August 2008)

G. A. Gratsos

M. Hashim

P. C. Laskaridis (Chairman)

M. F. Lykiardopulo

T. J. McClure

S. Palios

P. Pappas

M. G. Pateras

Tan Chin Hee

P. J. Vogt (retired without seeking re-election on 18 September 2008)

G. D. Weston

G. Woodford

# Report of the Directors

The Directors have pleasure in presenting their Report and the Financial Statements of the Association for the year ended 20 February 2009.

## Principal Activities

The Association carries on the business of mutual insurance of its Members against legal costs and expenses as defined in the Rules of the Association.

Under an agreement dated 19 February 1999, the Association reinsures 90 per cent of its business with The United Kingdom Defence Insurance Association (Isle of Man) Limited ("UKDIA").

The number of ships entered in the Association at the year end on 20 February 2009 was 3,965 (2,600 owned and 1,365 chartered), compared with 3,763 ships (2,792 owned and 971 chartered) on 20 February 2008, an overall rise of 5%.

## Financial Review

As shown in the Association's Income and Expenditure Account on page 10, the year ended with a deficit on the technical account of £1,095,000 (2008: £381,000 deficit) and after investment income, exchange gains/losses and taxation, there was a surplus for the year of £484,000 (2008: £62,000 surplus). The surplus was mainly caused by exchange gains resulting from the rise in the US dollar and euro exchange rates against sterling during the last few months of the year and strong investment returns.

The surplus for the year led to a rise in the Association's accumulated surplus of reserves (shown on the Consolidated Balance Sheet of the Association and its subsidiary, set out on page 11) from £1,096,000 at 20 February 2008 to £1,581,000 at 20 February 2009.

The Association's gross claims reserves at 20 February 2009 were £34,170,000 (2008: £30,677,000), an overall increase of £3,493,000 in the year.

The reserves at 20 February 2009, together with calls made on Members after that date, are available and, in the opinion of the Directors, meet the Association's outgoings and the legal costs and other expenses of the Association's business.

The Board of Directors has effected a Directors' and Officers' Liability Insurance policy to indemnify the Directors and Officers of the Association against loss arising from any claim against them jointly or severally by reason of any wrongful act in their capacity as Directors or Officers of the Association. The insurance also covers the Association's loss when it is required or permitted to indemnify the Directors or Officers pursuant to common law, statute, or the Articles of Association. The cost of the insurance is met by the Association and is included in net operating expenses.

# Report of the Directors (continued)

## Financial Risk Management

The Association is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are: market risk, credit risk, insurance risk and liquidity risk.

- **Market risk**

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices and foreign currency exchange rates, affecting both the value of the Association's investments and, in the case of exchange rates, its premium income and liabilities. The Association has a policy in place to manage its exposure to its investments, and this is monitored by regular reports from the investment managers to the Association's Board of Directors.

The impact of exchange rate risk is mitigated by the use of forward contracts for the sale of premium income, which is almost all received in US dollars, into sterling, and the currency matching of assets and liabilities.

- **Credit risk**

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The Association's exposure primarily relates to debtors and bank balances. Exposure to debtors, which is mainly in respect of calls and premium contributions, is spread over a large number of members and counterparties, which mitigates the risk. Exposure to bank balances however is more concentrated, with two main counterparties and the risk is mitigated by placing funds surplus to normal operational requirements in money market funds and other investments.

- **Insurance risk**

The Association's risk can arise from:

- a) fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations;
- b) unexpected claims arising from a single source;
- c) inaccurate pricing of risks when underwritten;
- d) inadequate reinsurance protection;
- e) inadequate reserves.

The risk is managed by underwriting, reinsurance and reserving strategies which are agreed and monitored by the Association's Board.

- **Liquidity risk**

The Association manages this risk by the use of liquid investments and its ability to call upon its quota share reinsurer, UKDIA, in event of a significant outflow of funds.

# Report of the Directors (continued)

## Directors

The Directors who held office during the year are listed on page 3.

In accordance with the Articles of Association, all the Directors retire at the forthcoming Annual General Meeting to be held on 17 September 2009 and will be eligible for re-election.

## Meetings of Directors

The Directors met on five occasions during the year under review, in order to fulfil the general and specific responsibilities entrusted to them by the Members under the Rules and under the Memorandum and Articles of Association. At these meetings the Directors received and discussed written and oral reports and recommendations from the Managers on calls and other policy matters.

As in past years, a substantial portion of each meeting involved the consideration of Members' cases in which the Association's support was requested for court or arbitration proceedings. The Directors considered 38 major cases during the year. Furthermore, as in past years the Managers considered a substantial number of requests for support in proceedings under the authority delegated to them by the Directors. Of all the cases formally considered by the Board or the Managers, 95% received a significant measure of support from the Association, amply illustrating the importance attached by both Board and Managers to the Association being supportive of its Members whenever the circumstances render that possible.

The work of the Association remains substantial with approximately 3,100 case files open as at 20 February 2009. The Managers continue to advise and support Members who are involved with disputes and are frequently able to help them reach satisfactory terms of settlement without proceedings.

## Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- 1) so far as the director is aware, there is no relevant audit information of which the Association's auditor is unaware;
- 2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Association's auditor is aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Grant Thornton UK LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as the Association's auditor will be proposed at the forthcoming Annual General Meeting.

G. A. Gratsos  
**Director**

23 April 2009

# Report of the Directors (continued)

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report 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). The financial statements are required by law to give a true and fair view of the state of the Association and of the income and expenditure of the Association for that year. In preparing these 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 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 Association 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 Association 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 Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Independent Auditor's Report

## Independent Auditor's Report

TO THE MEMBERS OF THE UNITED KINGDOM FREIGHT DEMURRAGE AND DEFENCE ASSOCIATION LIMITED

We have audited the financial statements of The United Kingdom Freight Demurrage and Defence Association Limited for the year ended 20 February 2009 which comprise the consolidated income and expenditure account, the consolidated balance sheet, the holding company balance sheet, consolidated cash flow statement and notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Association's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Directors and Auditors

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

## Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Association'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.

# Independent Auditor's Report (continued)

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 20 February 2009 and of its surplus for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

## Grant Thornton UK LLP

Registered Auditor  
Chartered Accountants

London

23 April 2009

# Consolidated Income and Expenditure Account

For the year ended 20 February, 2009

	Note	2009 £'000	2008 £'000
<b>Technical Account</b>			
Gross premiums written		14,301	13,448
Outward reinsurance premiums	3	(8,634)	(8,220)
		5,667	5,228
Claims incurred net of reinsurance			
- Claims paid			
Gross claims paid	4	(10,972)	(9,580)
Reinsurers' share		7,679	6,513
- Change in the provision for claims			
Gross outstanding claims	16	(3,493)	582
Reinsurers' share		3,144	(524)
		(3,642)	(3,009)
Net operating expenses	5	(3,120)	(2,600)
Balance on the technical account		<b>(1,095)</b>	<b>(381)</b>
<b>Non Technical Account</b>			
Balance on the technical account		(1,095)	(381)
Investment income	8	148	88
Unrealised gains on investments		475	164
Exchange gains		1,416	240
Surplus on ordinary activities before tax		944	111
Tax on ordinary activities	14	(460)	(49)
Surplus on ordinary activities after tax		<b>484</b>	<b>62</b>

All activities represent continuing activities. There are no recognised gains or losses other than the result for the year.

# Consolidated Balance Sheet

At 20 February, 2009

	Note	2009 £'000	2008 £'000
<b>Assets</b>			
<b>Investments</b>			
Other financial investments	10	2,943	2,057
<b>Reinsurers' share of technical provisions</b>			
Claims outstanding		30,753	27,609
<b>Debtors</b>			
Debtors arising out of direct insurance operations	12	1,332	507
Other debtors		71	61
<b>Cash at bank</b>		1,384	1,934
<b>Total assets</b>		<b>36,483</b>	<b>32,168</b>
<b>Liabilities</b>			
<b>Capital and reserves</b>			
Income and expenditure account		1,581	1,096
<b>Technical provisions</b>			
Claims outstanding	16	34,170	30,677
<b>Creditors</b>			
Creditors arising out of direct insurance operations	13	50	97
Creditors arising out reinsurance operations		79	111
Other creditors including tax and social security	13	518	114
Accruals and deferred income		85	73
		732	395
<b>Total liabilities</b>		<b>36,483</b>	<b>32,168</b>

The financial statements set out on pages 10 to 22 were approved by the Board of Directors on 23 April 2009 and have been signed on its behalf by:

**Directors**

G. A. Gratsos            R. G. Crawford

**Managers**

D. J. Evans

# Holding Company Balance Sheet

At 20 February, 2009

	Note	2009 £'000	2008 £'000
<b>Assets</b>			
<b>Investments</b>			
Shares in group undertakings	11	50	50
Other financial investments	10	2,943	2,057
<b>Reinsurers' share of technical provisions</b>			
Claims outstanding		30,753	27,609
<b>Debtors</b>			
Debtors arising out of direct insurance operations	12	1,332	507
Other debtors		21	11
Due from subsidiary		5	5
<b>Cash at bank</b>		1,384	1,934
<b>Total assets</b>		<b>36,488</b>	<b>32,173</b>
<b>Liabilities</b>			
<b>Capital and reserves</b>			
Income and expenditure account		1,591	1,106
<b>Technical provisions</b>			
Claims outstanding	16	34,170	30,677
<b>Creditors</b>			
Creditors arising out of direct insurance operations	13	50	97
Creditors arising out reinsurance operations		79	111
Other creditors including tax and social security	13	513	109
Accruals and deferred income		85	73
		727	390
<b>Total liabilities</b>		<b>36,488</b>	<b>32,173</b>

The financial statements set out on pages 10 to 22 were approved by the Board of Directors on 23 April 2009 and have been signed on its behalf by:

**Directors**

G. A. Gratsos            R. G. Crawford

**Managers**

D. J. Evans

# Consolidated Cash Flow Statement

For the year ended 20 February, 2009

	Note	2009 £'000	2008 £'000
<b>Cash Flow Statement</b>			
Premiums received		14,404	13,357
Claims paid net of reinsurers' share		(1,015)	(769)
Reinsurance premiums paid		(8,666)	(8,177)
Other operating cash payments		(6,387)	(4,159)
Net cash inflow from operating activities		<b>(1,664)</b>	<b>252</b>
Interest received and exchange gains		1,564	328
Taxation paid		(41)	-
(Decrease)/increase in cash	15	<b>(141)</b>	<b>580</b>
<b>Operating Activities</b>			
Balance on technical account		(1,095)	(381)
Increase/(decrease) in provision for claims		349	(58)
(Increase)/decrease in debtors		(836)	542
(Decrease)/increase in creditors		(82)	149
Net cash (outflow)/inflow from operating activities		<b>(1,664)</b>	<b>252</b>

# Notes to the Financial Statements

For the year ended 20 February, 2009

## 1. Constitution

The Association is incorporated in England as a company limited by guarantee and not having a share capital.

In the event of the company's liquidation the net assets of the Association are to be distributed in proportion to the amount of contributions paid by Members during the preceding six years.

## 2. Accounting Policies

### (a) Accounting disclosures

These Financial Statements have been prepared under the provisions of Section 255 of, and Schedule 9A to, the Companies Act 1985, and comply with applicable accounting standards. The Financial Statements are prepared on an annual basis under the historical cost convention as modified by the revaluation of investments and comply with all material recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2006.

### (b) Foreign currencies

Foreign currency assets and liabilities (except the cost of investment) are translated into sterling at the rates of exchange ruling at the balance sheet date. The resulting difference is treated as unrealised.

Revenue transactions are translated into sterling at the rate applicable for the date on which they took place.

Differences between closing exchange rates and the rates applying to outstanding forward currency contracts are also recognised. All exchange gains/losses whether realised or unrealised have been included in the Income and Expenditure Account for the year.

### (c) Gross premiums written

Calls and premiums include calls less return premiums and the change in provisions for bad and doubtful debts. These calls and premiums are the total receivable for the whole period of cover provided by the contracts incepting during the accounting period together with any adjustments in respect of prior accounting periods. There are no unearned premiums.

# Notes to the Financial Statements (continued)

For the year ended 20 February, 2009

## 2. Accounting Policies (continued)

### (d) Claims

These are the legal costs and expenses of the Members covered by the Association. They include all claims incurred during the year, whether paid, estimated or unreported together with internal claims management costs and future claims management costs and adjustments for claims outstanding from previous years.

A forecast of unreported claims is based on the estimated ultimate cost of claims arising out of events which have occurred before the end of the accounting period but have not yet been reported. These future claims are based on the Managers' best estimate of unreported claims on each policy year. The estimates are calculated by comparing the pattern of claims payments in current policy years with earlier policy years, and then projecting the likely outcome of the more recent years.

Whilst the Directors consider that the gross provisions for claims and the related reinsurance recoveries are fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amount provided. Any differences between the provisions and subsequent settlements are dealt with in the technical accounts of later years.

### (e) Investments

Investments purchased in foreign currencies are translated into sterling on the date of purchase. The market value of foreign currency investments is translated at the rate of exchange ruling at the balance sheet date. The investment in the Subsidiary is carried at cost in the Holding Company Balance Sheet.

### (f) Investment income

This comprises income received during the year adjusted in respect of interest receivable at the year end, and profits and losses on the sale of investments and gains and losses on closed forward currency contracts.

The unrealised gains and losses on the movement in the market value of the investments are included in the non-technical account. No transfer is made of the investment returns from the non-technical account to the technical account, as this is not considered appropriate.

### (g) Consolidation

As the Financial Statements are in consolidated form, the Association is exempt from the requirement to present an Income and Expenditure Account for the holding company.

### (h) Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19.

# Notes to the Financial Statements (continued)

For the year ended 20 February, 2009

## 3. Outward Reinsurance Premiums

		2009 £'000	2008 £'000
Excess loss premium		363	476
90% quota share premium		11,956	11,245
		12,319	11,721
Agreed discount		(3,685)	(3,501)
		<b>8,634</b>	<b>8,220</b>

## 4. Gross Claims Paid

	Note	2009 £'000	2008 £'000
Legal costs and expenses		8,532	7,237
Management fee in respect of claims handling	6	2,440	2,343
		<b>10,972</b>	<b>9,580</b>

## 5. Net Operating Expenses

	Note	2009 £'000	2008 £'000
Management fee	6	1,627	1,562
Directors' remuneration	7	129	130
Auditor's remuneration:			
Audit		14	14
Non-audit		10	9
Brokerage		653	477
Other expenses		687	408
		<b>3,120</b>	<b>2,600</b>

# Notes to the Financial Statements (continued)

For the year ended 20 February, 2009

## 6. Management Fee

The fee covers the Managers' costs of providing offices, staff and administration. It is fixed by the Directors in accordance with the Rules. No loan has been made to the Managers and none is contemplated. The Association itself had no employees throughout the year.

The management fee is apportioned across three functions which are included in the accounts as follows:

	Note	2009 £'000	2008 £'000
Acquisition costs		1,302	1,250
Other		325	312
Management fees in Net Operating Expenses	5	1,627	1,562
Claims handling	4	2,440	2,343
		<b>4,067</b>	<b>3,905</b>

## 7. Directors' Fees

	2009 £'000	2008 £'000
Aggregate emoluments	<b>129</b>	<b>130</b>

Pension contributions are not made in respect of any of the Directors.

## 8. Investment Income

	2009 £'000	2008 £'000
Bank deposits	13	111
Return on short term deposit funds	135	(23)
	<b>148</b>	<b>88</b>

# Notes to the Financial Statements (continued)

For the year ended 20 February, 2009

## 9. Rates of Exchange

	2009	2008
The year end rates of exchange equivalent to £1 were:-		
US dollar	1.4324	1.9406
Euro	1.1354	1.3249

## 10. Investments

	Market Value		Cost	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Short term deposit funds	<b>2,943</b>	2,057	<b>2,363</b>	1,952

	2009	2008
Cash and interest bearing securities repayable:		
within one year	<b>100%</b>	100%

## 11. Investments

	Holding Company	
	2009 £'000	2008 £'000
Shares in group undertakings at cost	<b>50</b>	50

The Association owns 100% of the issued share capital of United Kingdom Defence Reinsurance Association Ltd., a company that is incorporated in Bermuda. This company does not trade.

# Notes to the Financial Statements (continued)

For the year ended 20 February, 2009

## 12. Debtors

	2009 £'000	2008 £'000
Arising out of direct insurance operations:		
Contributions	267	350
Recoverable deductibles	318	157
Due from quota share reinsurer	747	-
	<b>1,332</b>	<b>507</b>

## 13. Creditors

	The Group		Holding Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Arising out of direct insurance operations:				
Members	50	30	50	30
Due to quota share reinsurer	-	67	-	67
	<b>50</b>	<b>97</b>	<b>50</b>	<b>97</b>
Other creditors:				
Corporation tax payable	460	41	460	41
PAYE and social security	26	26	26	26
Other creditors	32	47	27	42
	<b>518</b>	<b>114</b>	<b>513</b>	<b>109</b>

# Notes to the Financial Statements (continued)

For the year ended 20 February, 2009

## 14. Taxation

This relates to the holding company and is in respect of United Kingdom corporation tax on its assessable investment income and gains at current rates of taxation.

The tax charge for the year is made up as follows:-

	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
Corporation tax at 28.2% (2008 - 20%)	460	49
Prior year adjustment	-	-
<b>Total current tax</b>	<b>460</b>	<b>49</b>

The current taxation charge for the year is different from the standard rate of corporation tax for companies of this size in the UK (28%). The differences are explained below.

	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
Surplus on ordinary activities before taxation	<b>944</b>	<b>111</b>
Theoretical tax of UK corporation tax of 28.2% (2008: 20%)		
Effects of:	266	22
- Balance on technical account	309	76
- Non-taxable exchange gains	(115)	(49)
<b>- Actual current tax charge</b>	<b>460</b>	<b>49</b>

# Notes to the Financial Statements (continued)

For the year ended 20 February, 2009

## 15. Cash flow statement

Movement in cash, deposits and investments	At 20/02/2008 £'000	Cash flow £'000	Change in market value £'000	At 20/02/2009 £'000
Cash at bank	1,934	(550)	-	1,384
Other financial investments	2,057	409	477	2,943
	<b>3,991</b>	<b>(141)</b>	<b>477</b>	<b>4,327</b>

## 16. Claims Outstanding

	2009 £'000	2008 £'000
Claims outstanding at end of year	34,170	30,677
Claims outstanding at beginning of year	30,677	31,259
Increase/(decrease) in gross provision for claims	<b>3,493</b>	<b>(582)</b>

The nature of the business makes it very difficult to predict the likely outcome of any particular case and to estimate the cost of future claims. The estimates for known outstanding claims are based on the best estimates and judgement of the Managers of the likely cost of individual cases, and the extent of the Association's current commitment to the cost of these cases. These estimates are as accurate as possible given the details of the cases and taking into account all the current information. The estimates are reviewed regularly.

The movement on incurred claims for prior policy years was a release of £3,912,000 (2008: £3,545,000).

# Notes to the Financial Statements (continued)

For the year ended 20 February, 2009

## 17. Contingent Liabilities

A number of guarantees have been given in respect of legal costs relating to cases involving Members, where the Association is already committed to the costs of the cases.

The Association has entered into forward currency contracts to sell US Dollars 15,000,000 for sterling, during 2009, which protect part of its US Dollar income against exchange rate fluctuations.

## 18. Related Party Disclosures

The Association has no share capital and is controlled by the Members who are also the insureds. The subsequent insurance transactions are consequently deemed to be between related parties but these are the only transactions between the Association and the Members.

All of the Directors are current representatives of member companies and other than the insurance, which is arranged on an arm's length basis, and member interests of these companies, the Directors have no financial interests in the Association.

The Association reinsures with the United Kingdom Defence Insurance Association (Isle of Man) Limited (UKDIA(IOM)) on a 90% quota share basis. None of the Directors of the Association are Directors of UKDIA(IOM).

# Managers

## **Thomas Miller Defence Limited**

D. J. Evans (Chairman)

R. A. Bettinson

A. N. Couvadelli

M. R. Jackson

P. E. Kaye

N. G. Long

A. A. J. Mackinnon

S. L. Murphy

P. M. Sessions

## **Secretary**

I. R. Jarrett

## **Registered Office**

90 Fenchurch Street,  
London  
EC3M 4ST

Telephone: +44 (0)20 7283 4646

Fax: +44 (0)20 7204 2131

## **Registered Number**

00501877 England

## **Subsidiary Company**

United Kingdom Defence Reinsurance Association Ltd.

## **Registered Office and Business Address of the Subsidiary**

1st Floor  
Chevron House  
11 Church Street  
Hamilton HM11  
Bermuda

Telephone: +1 441 292 4724

The UK Defence Club is a mutual insurance company managed on behalf of its Members by Thomas Miller.

Thomas Miller provides a range of insurance solutions for the international shipping and transport sectors.

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