

Polaris U.K. Limited
Report and Accounts
for the year ended 31 December 2000

Registered Number 2911441



Polaris U.K. Limited

Report and Accounts

For the year ended 31 December 2000

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Polaris U.K. Limited

Directors' report for the year ended 31 December 2000

The directors present their report and audited financial statements for the year ended 31 December 2000.

Directors

The directors of the company as at 31 December 2000 were as follows:

S.W. Broughton	Chairman (Royal & Sun Alliance)	(Non Voting)
M.B. McLachlan	Managing Director	(Non Voting)
T.A. Ablett	(Groupama U.K. Services)	
C.J. Calder	(AXA)	
D.B. Drury	(JLT Management Services)	
A.P. Gavaghan	(Willis Corroon)	
G.A. Jones	(Cornhill Insurance)	
B. Morris	(Royal & Sun Alliance)	
A.R. Robinson	(Norwich Union)	
J. Woodley	(Zurich F.S.)	

Alternates

M. Christer	(Royal & Sun Alliance)
B.R. Marks	(AXA)
J. Morell	(Groupama U.K. Services)
P.S. Nunn	(Norwich Union)
D.A. Ray	(Willis Corron)
G.A. Turton	(Cornhill)

The following directors were appointed during the year.

D.B. Drury	7 March 2000
G.A. Jones	7 March 2000
J. Morell	27 June 2000
D.A. Ray	7 March 2000
G.A. Turton	24 October 2000

The following directors resigned during the year.

R. Eveleigh	7 March 2000
A. Girling	7 March 2000
N. McKenzie	27 June 2000
D. Wallace	24 October 2000
B. Wesencraft	27 June 2000

Polaris U.K. Limited

Directors' report for the year ended 31 December 2000 (continued)

Principal activity and business review

The principal activity of the company continues to be to provide common information technology based services which facilitate electronic trading in the retail general insurance marketplace. The company's subsidiary, CLMI Limited is dormant and the process of having it struck off with effect from 31 March 2001 has been undertaken.

Polaris has seen the widespread acceptance of its software and electronic trading standards in the marketplace. Most software houses and many large intermediaries who write their own systems either have implemented or are in the process of implementing the company's work.

Future developments

The directors take the view that the company has a fundamental role to play in the introduction of an efficient electronic marketplace in volume personal and commercial lines insurance business.

Results and dividends

The consolidated profit and loss account for the year is set out on page 7. The profit after taxation was £241,077 (1999: £215,513) for the year and this mainly comprises income from the sale of software licences to members. The directors do not recommend the payment of a dividend and the profit has therefore been transferred to reduce the deficit on reserves. No dividend was proposed or paid in 1999.

Directors interests

No director has had a beneficial interest in the shares of the company at any time during the year.

Insurance for directors

The company maintains insurance for the managing director of the company in respect of his duties as a director.

Charitable and political donations

The company made no such donations during the period of the financial statements.

Statement of directors' responsibilities

The directors are required by United Kingdom company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply

Polaris U.K. Limited

Directors' report for the year ended 31 December 2000 (continued)

with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The directors consider the company has adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements. The directors consider that the company has sufficient funding to continue its activities.

Post balance sheet events

As described in note 20 in the financial statements and above, an application for the dissolution of the company's subsidiary, CLMI Limited, was made to the Companies House on 26 March 2001. A period of at least three months must elapse before CLMI Limited can be struck off the register and dissolved. CLMI Limited has been dormant since 1999.

Auditors

PricewaterhouseCoopers, having offered themselves for reappointment as auditors, shall be deemed to be reappointed for the next financial year in accordance with section 386 of the Companies Act 1985.

By order of the Board



J H Berg

Secretary

19 June 2001

Registered office:

Bury House
31 Bury Street
London
EC3A 5JL

Polaris U.K. Limited

Independent auditors' report to the members of Polaris U.K. Limited

We have audited the financial statements on pages 7 to 22 which have been prepared in accordance with the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on pages 4 and 5, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group'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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 23 of the financial statements concerning the directors assessment of going concern. In view of the significance of this matter we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 2000 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

19 June 2001

Polaris U.K. Limited

Consolidated profit and loss account for the year ended 31 December 2000

	Note	2000 £	1999 £
Turnover	2	2,977,445	3,314,284
Cost of sales		(2,916,017)	(3,500,286)
Operating profit/(loss)	3	61,428	(186,002)
Interest receivable and similar income	4	200,520	129,050
Profit/(loss) on ordinary activities before taxation		261,948	(56,952)
Tax on profit/(loss) on ordinary activities	6	(20,871)	272,465
Profit after taxation and retained for the financial year	14	241,077	215,513
Balance brought forward		(8,388,106)	(8,603,619)
Balance carried forward		(8,147,029)	(8,388,106)

All the group's operations are continuing.

The group has no recognised gains or losses other than the profit for the financial year, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The notes on pages 11 to 22 form part of these financial statements.

Polaris U.K. Limited

Consolidated balance sheet as at 31 December 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Intangible assets	8	349,144		523,715	
Tangible assets	9	77,770		108,231	
			426,914		631,946
Current assets					
Debtors	11	1,818,770		725,355	
Short-term deposits		1,861,577		1,692,907	
Cash at bank and in hand		89,703		-	
		3,770,050		2,418,262	
Creditors: amounts falling due within one year	12	(2,236,282)		(832,608)	
Net current assets			1,533,768		1,585,654
Total assets less current liabilities			1,960,682		2,217,600
Creditors : amounts falling due after more than one year	12		(2,676,047)		(3,174,042)
Net liabilities			(715,365)		(956,442)
Capital and reserves					
Called up share capital	13		7,431,664		7,431,664
Profit and loss account			(8,147,029)		(8,388,106)
Equity shareholders' funds	14		(715,365)		(956,442)

Approved by the board of directors on 19 June 2001.

S.W. Broughton

Chairman

T.A. Ablett

Director

The notes on pages 11 to 22 form part of these financial statements.

Polaris U.K. Limited

Balance sheet of the company as at 31 December 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	9	77,770		108,231	
Investment in subsidiary	10	1,061,664		1,061,664	
			1,139,434		1,169,895
Current assets					
Debtors	11	1,818,770		725,355	
Short-term deposits		1,861,577		1,692,907	
Cash at bank and in hand		89,703		-	
		3,770,050		2,418,262	
Creditors: amounts falling due within one year	12	(3,297,946)		(832,608)	
Net current assets			472,104		1,585,654
Total assets less current liabilities			1,611,538		2,755,549
Creditors : amounts falling due after more than one year	12		(2,676,047)		(4,235,706)
Net liabilities			(1,064,509)		(1,480,157)
Capital and reserves					
Called up share capital	13		7,431,664		7,431,664
Profit and loss account			(8,496,173)		(8,911,821)
Equity shareholders' funds			(1,064,509)		(1,480,157)

Approved by the board of directors on 19 June 2001.

S.W. Broughton

Chairman

T.A. Ablett

Director

The notes on pages 11 to 22 form part of these financial statements.

Polaris U.K. Limited

Consolidated cash flow statement for the year ended 31 December 2000

	Note	2000 £	1999 £
Cash flow from operating activities	15	575,522	(94,628)
Returns on investments and servicing of finance			
Interest received		95,673	129,050
Income received from operating leases		79,590	-
Taxation		-	638,191
Capital expenditure and financial investment			
Purchase of fixed assets		(2,412)	(7,727)
Cash inflow before use of liquid resources and financing		748,373	664,886
Management of liquid resources			
(Increase) in short-term deposits with banks		(168,670)	(354,886)
Financing			
Repayment of unsecured debt	16, 17	(490,000)	(310,000)
Increase in cash in the year		89,703	-

The notes on pages 11 to 22 form part of these financial statements.

Polaris U.K. Limited

Notes to the financial statements for the year ended 31 December 2000

1 Principal accounting policies

Basis of accounting

These financial statements have been prepared using the historical cost convention and in accordance with the Companies Act 1985. They have been prepared on a going concern basis (see note 23).

Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the company and CLMI Limited drawn up to 31 December 2000.

Turnover

Licence fees received from the sale of software licences are credited to the profit and loss account in the period in which the fee is payable. Income from annual subscriptions and support and maintenance fees is accrued throughout the period to which it relates; therefore, income relating to future periods is included in deferred income.

Research and Development

In accordance with SSAP 13, research costs are written off in the period in which they are incurred. Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty and within a reasonable time scale and will be amortised in future periods commencing with the commercial sale of the product. All other development costs are written off in the year of expenditure.

Hire purchase and leasing transactions

Assets financed by hire purchase or leasing agreements are included in the balance sheet at cost less accumulated depreciation. The corresponding lease commitment is shown in creditors as an obligation to the lessor. The interest element on these obligations is charged to the profit and loss account over the life of each agreement.

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term. Income arising from operating lease rentals is credited to the profit and loss account on a straight-line basis over the lease term.

Pension scheme arrangements

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund in respect of the accounting period.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Polaris U.K. Limited

Notes to the financial statements for the year ended 31 December 2000 (continued)

Depreciation

Depreciation is provided at rates calculated to write down the cost of tangible fixed assets over their estimated useful lives on a straight-line basis at the following annual rates:

Computer equipment	33%
Fixtures and fittings	15%
Office equipment	25%

Goodwill and intangible assets

Purchased goodwill arising on acquisition, represents the excess of the purchase price over the fair value of the net assets acquired.

Purchased goodwill is capitalised at cost and amortised on a straight-line basis over its estimated useful economic life of five years. The estimate useful economic life is calculated having regard to the period over which the company expects to derive economic benefit from the assets. A full year's charge is made in the year of acquisition.

2 Segmental reporting

The directors consider that the company has carried one class of business during the year. All of the company's turnover originated in the United Kingdom. Costs, assets and liabilities are common to both geographical market segments and hence segment results and net assets have not been analysed by geographical destination. Turnover is analysed as follows:

	2000 £	1999 £
Initial Membership Fees	564,705	370,108
Annual Licence Subscriptions and Support and Maintenance Fees	2,376,273	2,731,104
Consultancy Fees	5,767	-
Other Income	30,700	213,072
	<u>2,977,445</u>	<u>3,314,284</u>

Geographical analysis – turnover by destination

	2000 £	1999 £
United Kingdom	2,708,148	3,070,789
Ireland	269,297	243,495
	<u>2,977,445</u>	<u>3,314,284</u>

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Notes to the financial statements for the year ended 31 December 2000 (continued)

3 Operating profit/(loss)

		2000 £	1999 £
Auditors remuneration	- audit fee (all parent undertaking)	18,250	16,000
	- prior year under accrual	3,000	-
	- fees for non audit services	24,253	12,015
Depreciation of tangible fixed assets	- owned	31,950	35,740
	- leased	923	1,779
Amortisation of goodwill		174,571	174,571
Profit on disposal of fixed assets		235	-
Total development costs		92,500	238,000
Operating lease charges	- plant and machinery	16,477	1,039
	- land and buildings	121,624	102,750

4 Interest receivable and similar income

	2000 £	1999 £
Bank interest receivable	104,357	129,050
Rental income and similar income	96,163	-
	<u>200,520</u>	<u>129,050</u>

5 Pensions

	2000 £	1999 £
Pension cost charge for the year	<u>48,294</u>	<u>49,027</u>

There were no outstanding or prepaid contributions at 31 December 2000.

Polaris U.K. Limited

Notes to the financial statements for the year ended 31 December 2000 (continued)

6 Taxation

Tax losses brought forward amount to £2,974,116 (1999: £3,077,948) of which £nil (1999: £272,465) are available for a claim for consortium relief by the shareholding companies. If such a claim is not made by those companies, the losses will be available to offset against future trading profits. The tax charge for the current year has been reduced by the utilisation of prior year trading losses and represents tax on interest income. The taxation is made up as follows:

	2000	1999
	£	£
Tax charge for the year	20,871	-
Surrender of tax losses	-	(272,465)
	<u>20,871</u>	<u>(272,465)</u>

7 Directors and employees

The Managing Director was the only executive director employed during the year. Neither the Chairman nor any other director received any remuneration during the year.

Remuneration in respect of the only and highest paid directors was as follows:

	2000	1999
	£	£
Aggregate emoluments	154,601	132,500
Company contributions to money purchase pension schemes	18,520	17,970
	<u>173,121</u>	<u>150,470</u>

No amount of money or assets was received or receivable by directors under long-term incentive schemes in respect of qualifying services. There is one director to whom retirement benefits are accruing under a money purchase scheme in respect of qualifying services.

The average number of employees, excluding directors, of the company during the year was 7 (1999: 7). The cost of employing these employees was as follows:

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Notes to the financial statements for the year ended 31 December 2000 (continued)

	2000 £	1999 £
Gross salaries, including directors	437,784	433,731
Social security costs	49,591	48,018
Pension contributions	48,294	49,027
	<u>535,669</u>	<u>530,776</u>

8 Intangible assets

Goodwill

	Cost £	Amortisation £	Net carrying amount £
Balance at 1 January 2000	872,857	(349,142)	523,715
Amortisation for the year		(174,571)	
Balance at 31 December 2000	<u>872,857</u>	<u>(523,713)</u>	<u>349,144</u>

The amortisation on intangible assets is charged to profit and loss account on a straight line basis over its useful economic life. The purchased goodwill relates to the acquisition of CLMI Limited in 1998 and is being amortised over five years.

9 Tangible fixed assets

Group and holding company

	Computer equipment £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 January 2000	5,730	131,737	48,988	186,455
Additions	2,160	-	252	2,412
Disposals	-	-	(37,912)	(37,912)
At 31 December 2000	<u>7,890</u>	<u>131,737</u>	<u>11,328</u>	<u>150,955</u>
Depreciation				
At 1 January 2000	473	43,905	33,846	78,224
Charge for the year	2,307	19,760	10,806	32,873
Disposals	-	-	(37,912)	(37,912)

Polaris U.K. Limited

Notes to the financial statements for the year ended 31 December 2000 (continued)

	Computer equipment	Fixtures and fittings	Office equipment	Total
	£	£	£	£
At 31 December 2000	2,780	63,665	6,740	73,185
Net book value				
At 31 December 2000	5,110	68,072	4,588	77,770
At 31 December 1999	5,257	87,832	15,142	108,231

The figures stated above include assets held under finance lease with net book values as follows:

	2000	1999
	£	£
Office equipment	-	923

10 Investment in subsidiary undertaking

Name of undertaking	Description of shares held	Beneficial Interest
CLMI Limited	Ordinary £1 shares	100%

Investment in subsidiary represents the company's 100% holding of CLMI Limited at cost. It is in the view of the directors that the value of the investment has not been impaired since acquisition. CLMI Limited is included in the consolidation.

CLMI Limited is dormant and it has an accounting reference date on 31 May each year. The last set of financial statements was prepared as at 31 May 1999. An application for the dissolution of the company was made on 26 March 2001. Further information on this dissolution is contained in note 20.

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Notes to the financial statements for the year ended 31 December 2000 (continued)

11 Debtors

	Group 2000 £	Holding Company 2000 £	Group 1999 £	Holding Company 1999 £
Trade debtors	1,573,704	1,573,704	635,239	635,239
Other debtors	7,612	7,612	-	-
Prepayments and accrued income	237,454	237,454	35,554	35,554
Consortium relief receivable	-	-	54,562	54,562
	1,818,770	1,818,770	725,355	725,355

12 Creditors

	Group 2000 £	Holding Company 2000 £	Group 1999 £	Holding Company 1999 £
Amounts falling due within one year:				
Trade creditors	402,694	402,694	140,945	140,945
Amounts owed to group undertakings	-	1,061,664	-	-
Other creditors	37,521	37,521	62,102	62,102
Taxation and social security	20,871	20,871	-	-
Accruals and deferred income	1,775,196	1,775,196	628,522	628,522
Finance lease rentals	-	-	1,039	1,039
	2,236,282	3,297,946	832,608	832,608
Amounts falling due after more than one year:				
Loans from shareholders	2,676,047	2,676,047	3,166,047	3,166,047
Amounts owed to group undertakings	-	-	-	1,061,664
Deferred income	-	-	7,995	7,995
	2,676,047	2,676,047	3,174,042	4,235,706

The shareholders' loans are unsecured, interest free and technically repayable on demand. The principal shareholders have confirmed that the terms of the loans have been extended for the foreseeable future, being a period of not less than twelve months, in order to support the financial viability of the company. The shareholders' loans have been classified as falling due for repayment after more than one year from the balance sheet date.

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Notes to the financial statements for the year ended 31 December 2000 (continued)

13 Share capital

	2000 £	1999 £
Authorised:		
10,100,000 ordinary shares of £1 each	10,100,000	10,100,000
Allotted, called up and fully paid:		
7,431,664 Ordinary shares of £1 each	7,431,664	7,431,664

14 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Shareholders funds at 1 January	(956,442)	(1,171,955)
Retained profit for the year	241,077	215,513
Shareholders funds at 31 December	(715,365)	(956,442)

The total shareholders' funds are 100% attributable to equity shareholders.

The directors have taken advantage of the exemption available under section 230 of the Companies Act 1985 and not presented a profit and loss account for the company alone. The retained profit for the company for the year was £241,077 (1999: £20,273).

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Notes to the financial statements for the year ended 31 December 2000 (continued)

15 Reconciliation of operating profit/(loss) to net cash flow from operating activities

	2000 £	1999 £
Operating profit/(loss)	61,428	(186,002)
(Increase) in accrued income and prepayments	(176,643)	(31,562)
Increase/(decrease) in accruals and deferred income	1,138,679	(30,566)
Depreciation charges	32,873	37,519
Amortisation of intangible assets	174,571	174,571
(Increase)/decrease in debtors	(891,515)	11,489
Increase/(decrease) in creditors	236,129	(70,077)
Net cash inflow / (outflow) from operating activities	<u>575,522</u>	<u>(94,628)</u>

16 Reconciliation of net cash flow to movement in net debt

	£	£
Increase in cash in the period	89,703	
Cash used to repay unsecured debt	490,000	
Cash used to increase liquid resources	<u>168,670</u>	
Change in net debt		748,373
Net debt at 1 January 2000		(1,473,140)
Net debt at 31 December 2000		<u>(724,767)</u>

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Notes to the financial statements for the year ended 31 December 2000 (continued)

17 Analysis of changes in net debt

	1 January 2000	Cash flows	31 December 2000
	£	£	£
Net cash:			
Cash at bank and in hand	-	89,703	89,703
Debt:			
Unsecured loans from shareholders -			
Due after one year	(3,166,047)	490,000	(2,676,047)
Current asset investments	1,692,907	168,670	1,861,577
Total	(1,473,140)	748,373	(724,767)

18 Lease obligations

At 31 December 2000 the company did not have any finance lease obligations (1999: £1,039).

	2000	1999
	£	£
Office equipment		
Within one year	-	1,039

At 31 December 2000 annual commitments under non-cancellable operating leases were as follows:

	2000	1999
	£	£
Land and buildings		
After one year and within five years	222,398	57,600
Plant and machinery		
After one year and within five years	17,919	-
	240,317	57,600

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Notes to the financial statements for the year ended 31 December 2000 (continued)

19 Contingent liabilities

There were no contingent liabilities at 31 December 2000 (1999: none).

20 Post balance sheet events

An application for the dissolution of the company's subsidiary, CLMI Limited, was made to the Companies House on 26 March 2001. A period of at least three months must elapse before CLMI Limited can be struck off the register and dissolved. There will be no effect on the pre-tax profit of Polaris UK Limited as a result of the dissolution of CLMI Limited. There will not be any tax consequences as a result of this dissolution. CLMI Limited has been dormant since 1999.

21 Related party transactions

The company acts as a joint venture between 20 insurance companies. The majority of share capital (93.5%) is owned by the nine companies listed below each of which is represented on the board. As such these companies are deemed related parties under FRS 8. Transactions arise with the investors on an arms length basis. Additionally, the investors have made various loans to the company. These loans are unsecured, interest free and repayable on demand, but the company has received confirmation from the loan creditors that they will not seek repayment of these loans for the foreseeable future. The following transactions occurred during the year.

	Turnover in the year	Loans at 31 December 2000	Trade debtors at 31 December 2000
	£	£	£
CGNU	593,914	1,264,734	33,235
Zurich F.S.	264,940	471,578	-
AXA	213,624	396,578	-
Royal & Sun Alliance	338,345	543,156	44,258
Cornhill Insurance	369,972	-	280,544
Groupama U.K. Services	70,559	-	-

There have been no transactions with any other shareholders who own more than 1% of the share capital or have board representation.

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Notes to the financial statements for the year ended 31 December 2000 (continued)

The following transactions occurred during the 1999 financial year.

	Turnover in the year	Loans at 31 December 1999	Trade debtors at 31 December 1999
	£	£	£
CGU	498,730	1,008,156	-
Zurich F.S.	377,726	541,578	-
AXA	60,900	466,578	-
Norwich Union	451,337	466,578	8,004
Royal & Sun Alliance	609,898	683,156	1,567
Cornhill Insurance	145,078	-	-
Groupama U.K. Services	126,593	-	-

22 Directors interests

During the year covered by these financial statements all of the directors, except the Managing Director, were either senior employees or directors of the shareholding companies and accordingly had an interest in the transactions with those companies. Since all such transactions were made at arms length, in the ordinary course of business and were approved by the directors as a whole, they are not quantified in these financial statements.

23 Going concern

The nature of the company's activities has required a substantial cash investment to be made in the last few years. This funding has been by subscription to the paid up share capital of the company and by way of loans from the original Polaris shareholders who have agreed extended terms in order to support the financial viability of the company. The directors have prepared projected cash flows for the period ending December 2001 and on the basis of this information, the directors consider that the company has sufficient funding to continue its activities for the foreseeable future. Accordingly, the directors consider it appropriate to prepare the financial statements on the going concern basis.