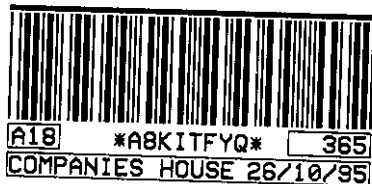


Gardner Mountain & Capel-Cure Agencies Limited

Annual report

for the year ended 31 December 1994

Registered no: 716928



Annual report for the year ended 31 December 1994

	Pages
Director and advisers	2
Director's report	3
Report of the auditors	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

Director and advisers

Director

A G C Howland Jackson

Auditors

Coopers & Lybrand

Solicitors

Clifford Chance

Bankers

Coutts & Co

Secretary and registered office

M Conway
Lloyds Chambers
1 Portsoken Street
London E1 8DF

Director's report for the year ended 31 December 1994

The director presents his report and the audited financial statements for the year ended 31 December 1994.

Principal activities and review of business

The company acted as a Members' Agent at Lloyd's until 31 December 1994 when it sold its business to Murray Lawrence Holdings Limited.

Dividends and transfers to reserves

No dividend was proposed or paid during the year (1993: £600,000). The retained profit of £11,402 (1993: loss of £978,746) for the financial year will be transferred to reserves.

Directors

The following were directors of the company during the year ended 31 December 1994:

T R Bruce	resigned 31 December 1994
T C Boles	resigned 26 September 1994
I C Gilroy	resigned 31 December 1994
J Gordon	resigned 31 December 1994
Lord Greenock	resigned 31 December 1994
J G Hogg	resigned 31 December 1994
D L P Kelly	resigned 31 December 1994
M D Martin	resigned 31 December 1994
W J Uzielli	resigned 31 December 1994
A G C Howland Jackson	

Directors' interests in shares of the company

None of the directors had interests in the share capital of the company or in the debentures and ordinary 25p shares of the ultimate holding company, Inchcape PLC, at 31 December 1994 with the exception of MD Martin who held 1,000 fully paid beneficial shares.

Mr A G C Howland Jackson is a director of the ultimate holding company and his interests in the share capital of Inchcape PLC and its subsidiary companies are shown in that company's financial statements.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

Director's report for the year ended 31 December 1994 (continued)

Director's responsibilities

The director is required by UK company law to prepare financial statements for each financial year that 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 of the company for that period.

The director confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1994. The director also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The director is responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the director

A handwritten signature in black ink, appearing to be 'M Conway', written over a horizontal line.

M Conway
Secretary

4th October 1995

Report of the auditors to the members of
Gardner Mountain & Capel-Cure Agencies Limited

We have audited the financial statements on pages 6 to 15.

Respective responsibilities of director and auditors

As described on page 4 the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

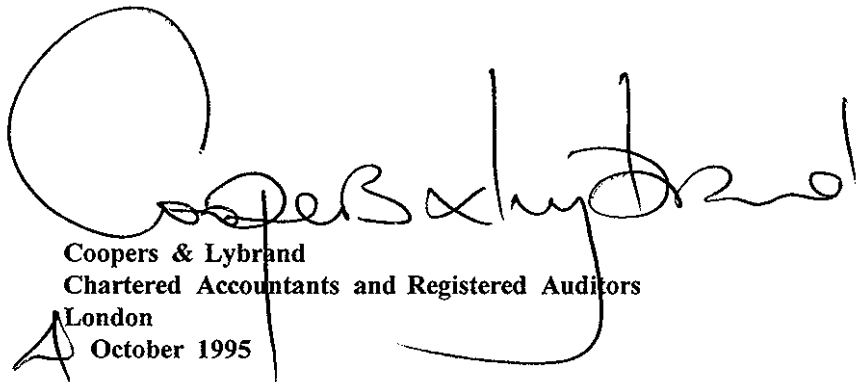
Basis of opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors

London
4 October 1995

Profit and loss account for the year ended 31 December 1994

	Notes	1994 £	1993 £
Turnover - discontinued operations	2	1,195,892	1,089,323
Administration expenses - discontinued operations		1,187,292	1,599,105
		<hr/> 8,600	<hr/> (509,782)
Other operating income - discontinued operations	3	28,751	173,632
Profit/(loss) on ordinary activities before taxation	6	37,351	(336,150)
Taxation	7	25,949	42,596
		<hr/>	<hr/>
Profit/(loss) for the financial year		11,402	(378,746)
Dividends	8	-	600,000
		<hr/>	<hr/>
Retained profit/(loss) for the year		11,402	(978,746)
		<hr/> <hr/>	<hr/> <hr/>
Statement of retained profits			
Balance at 1 January		154,774	1,133,520
Retained profit/(loss) for the year		11,402	(978,746)
		<hr/>	<hr/>
Balance at 31 December		166,176	154,774
		<hr/> <hr/>	<hr/> <hr/>

The company has no recognised gains and losses other than the profits above 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 the historical cost equivalents.

Balance sheet at 31 December 1994

	Notes	1994 £	1993 £
Fixed assets			
Tangible assets	9	-	25,547
Investment in subsidiary	10	-	1
		-	25,548
Current assets			
Debtors	11	393,638	818,360
Cash at bank and in hand		564,558	445,822
		958,196	1,264,182
Creditors: amounts falling due within one year	12	278,107	710,001
Net current assets		680,089	554,181
Total assets less current liabilities		680,089	579,729
Provisions for liabilities and charges	13	223,913	274,955
Net assets		456,176	304,774
Capital and reserves			
Called-up share capital	14	290,000	150,000
Profit and loss account		166,176	154,774
Equity shareholders' funds		456,176	304,774

The financial statements on pages 6 to 15 were approved by the director on 4th October 1995 and were signed by:



A G C Howland Jackson

Director

Notes to the financial statements for the year ended 31 December 1994**1. Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost accounting convention.

Tangible fixed assets

Costs of tangible fixed assets are written off in equal instalments over their useful lives at the following rates:

	%
Leasehold improvements	12½
Fixtures & fittings	12½
Office equipment	33⅓

Operating leases

All rentals payable under operating lease contracts are charged to the profit and loss account as incurred.

Deferred taxation

Deferred taxation is accounted for at the rates of taxation expected to apply to the periods in which it is anticipated timing differences will reverse.

Provision is made on all timing differences between profit as computed for taxation purposes and profits shown in the financial statements, other than those differences which are expected to continue for the foreseeable future.

Pension costs

The group operates pension schemes covering the majority of employees. The schemes are funded by contributions partly from the employees and partly from the companies at rates determined by independent actuaries. These contributions are invested separately from the group's assets.

Notes to the financial statements for the year ended 31 December 1994 (continued)

2. Turnover

	1994 £	1993 £
Agency salaries	1,136,572	996,492
Co-ordinating agents fee	4,926	12,192
Profit commission	-	140
Winding up fees		12,600
67,171		
Other commissions and recoveries	41,794	13,328
	<u>1,195,892</u>	<u>1,089,323</u>

3. Other operating income

	1994 £	1993 £
Bank and other interest	10,751	65,632
Management fee		18,000
108,000		
	<u>28,751</u>	<u>173,632</u>

4. Directors' emoluments

The remuneration paid to the directors of the company was:

	1994 £	1993 £
Fees	27,500	27,500
Other emoluments (including pension contributions and benefits in kind)	271,272	300,538

Notes to the financial statements for the year ended 31 December 1994 (continued)

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	1994	1993
The chairman	<u>£18,671</u>	<u>£19,855</u>
The highest-paid director	<u>£82,330</u>	<u>£81,664</u>

The number of directors (including the chairman and the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1994 Number	1993 Number
£0 to £5,000	4	4
£10,001 to £15,000	1	1
£15,001 to £20,000	1	1
£30,001 to £35,000	1	-
£40,001 to £45,000	-	1
£55,001 to £60,000	1	1
£70,001 to £75,000	1	1
£80,001 to £85,000	1	1
	<u>10</u>	<u>10</u>

5. **Employee information**

The average number of persons (including executive directors) employed during the year was:

	1994 Number	1993 Number
Management and administration	<u>15</u>	<u>16</u>

	1994 £	1993 £
Staff costs (for the above persons):		
Wages and salaries	536,642	540,809
Social security costs	47,061	48,520
Other pension costs	62,766	64,164
	<u>646,469</u>	<u>653,493</u>

Notes to the financial statements for the year ended 31 December 1994 (continued)

6. Profit on ordinary activities before taxation

	1994 £	1993 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation	8,186	8,127
Auditors' remuneration	14,000	14,000
Rental under operating lease	108,463	110,415
Interest payable	884	180
Exceptional item A (see below)	-	92,425
Exceptional item B (see below)	-	75,000

Exceptional items

- A Provision made against the carrying costs of an investment in a subsidiary (put into liquidation on 24 February 1994).
- B Provision made against a loan to a subsidiary (put into liquidation on 24 February 1994).

7. Taxation

	1994 £	1993 £
United Kingdom corporation tax at 33.00% (1993: 33.00%)		
Current	25,920	8,478
Under/(over) provision in respect of prior years:		
Current	29	34,118
	<u>25,949</u>	<u>42,596</u>

8. Dividends

	1994 £	1993 £
Ordinary: declared and paid	-	600,000
	<u>-</u>	<u>600,000</u>

Notes to the financial statements for the year ended 31 December 1994 (continued)-

9. Tangible fixed assets

	Fixtures and fittings	Leasehold improvements	Total
	£	£	£
Cost			
At 1 January 1994	82,377	30,611	112,988
Additions	465	-	465
Disposals	(82,842)	(30,611)	(113,453)
31 December 1994	-	-	-
Depreciation			
At 1 January 1994	72,136	15,305	87,441
Charge for year	4,359	3,826	8,185
Disposals	(76,495)	(19,131)	(95,626)
At 31 December 1994	-	-	-
Net book value at 31 December 1994	-	-	-
Net book value at 31 December 1993	10,241	15,306	25,547

10. Fixed asset investment

	Interest in group undertaking £
Original cost	184,089
less: previously written off	184,088
Net book value at 1 January 1994	1
less: written off during year	1
Net book value at 31 December 1994	-

Notes to the financial statements for the year ended 31 December 1994 (continued)**10 Fixed asset investment** (continued)**Interest in group undertaking**

<u>Name of undertaking</u>	<u>Country of registration</u>	<u>Description of shares held</u>	<u>Proportion held</u>
K C Webb (Underwriting) Ltd	England & Wales	Ordinary £1 shares	100%

The company is not required to prepare and deliver consolidated financial statements to the Registrar of Companies, as it is itself a wholly owned subsidiary.

K C Webb (Underwriting) Ltd was placed into creditor's voluntary liquidation on 24 February 1994.

11. Debtors

	1994 £	1993 £
Amounts falling due within one year		
Trade debtors	76,891	240,150
Amounts owed by fellow subsidiary undertakings	164,346	100,000
Other debtors	113,061	314,083
Prepayments and accrued income	38,728	92,077
	<hr/> 393,026	<hr/> 746,310
Amounts falling due after one year		
Trade debtors	612	72,050
	<hr/> 393,638	<hr/> 818,360

12. Creditors: amounts falling due within one year

	1994 £	1993 £
Amounts owed to parent or fellow subsidiary undertakings	200,035	331,034
Taxation	51,767	302,725
Accruals and deferred income	26,305	63,114
Other creditors	-	13,128
	<hr/> 278,107	<hr/> 710,001

Notes to the financial statements for the year ended 31 December 1994 (continued)**13. Provisions for liabilities and charges**

	Other £	Deferred taxation £	Total £
At 1 January 1994	274,955	-	274,955
Charge for the year	51,042	-	51,042
At 31 December 1994	223,913	-	223,913

The full potential liability (asset) for deferred taxation is as follows:

	Amount unprovided	
	1994	1993
	£	£
Tax effect of timing differences		
because of:		
Excess of tax allowances over depreciation	-	(2,040)
Other	(73,891)	(90,524)
	(73,891)	(92,564)

The potential deferred tax asset relates to provisions made in respect of the matters referred to in note 16 below.

14. Called-up share capital

	1994 £	1993 £
Authorised		
399,900 ordinary 'B' shares of £1 each (non voting)	399,900	149,900
100 ordinary 'A' shares of £1 each (voting)	100	100
	400,000	150,000
Allotted, called up and fully paid		
289,900 ordinary 'B' shares of £1 each	289,900	149,900
100 ordinary 'A' shares of £1 each	100	100
	290,000	150,000

Notes to the financial statements for the year ended 31 December 1994 (continued)

15. Financial commitments

At 31 December 1994 the company had annual commitments under non-cancellable operating leases expiring as follows:

	1994	1993
	Land and	Land and
	Buildings	Buildings
	£	£
Expiring within one to five years	-	108,780

16. Litigation

The Company, in common with most Members' Agents at Lloyd's, has received a number of notifications from certain of its Names in respect of underwriting losses incurred by them. These claims are being vigorously defended and, in the opinion of the Directors, sufficient provision for any associated expenditure has been made in the financial statements.

17. Pension and similar obligations

The company participates in a group pension scheme operated by Bain Hogg Group PLC. Pension Scheme A is of the defined benefit type. Scheme B is a defined contribution type. Their assets are held in separate trustee administered funds. The funds are valued every 3 years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The latest valuations of the schemes were at 1 January 1993 and 1 July 1993 respectively. Particulars of the valuations are contained in the accounts of Bain Hogg Group PLC.

18. Ultimate and immediate parent companies

Following the acquisition by Inchcape plc of Hogg Group plc, with effect from 25 May 1994, the ultimate holding company became Inchcape plc, a company registered in England & Wales. Copies of the Report and Accounts of Inchcape plc can be obtained from St. James's House, 23 King Street, London SW1Y 6QY.

The intermediate holding company, Bain Hogg Group plc is also registered in England and Wales. Copies of the Report and Accounts of Bain Hogg Group plc can be obtained from Lloyd's Chambers, 1 Portsoken Street, London E1 8DF.

19. Cash flow statement

The company is exempt from preparing a cash flow statement on the grounds that it is a wholly owned subsidiary of a company incorporated in Great Britain.

Profit and Loss AccountAppendix

	£	1994 £	£	1993 £
INCOME				
Agency salaries		996,492		996,492
Co-ordinating agents fee		12,192		12,192
Profit commission - 1990 account		140		140
Winding-up fees		67,171		67,171
Investment income		65,632		65,632
Management fee		108,000		108,000
Commissions and recoveries		13,328		13,328
		<hr/>		<hr/>
		1,262,955		1,262,955
LESS: EXPENDITURE				
Staff costs	653,493		653,493	
Directors fees	24,167		24,167	
Recruitment	6,484		6,484	
Rent, rates and services	163,011		163,011	
Cleaning	4,548		4,548	
Telephone, postage, printing and stationery	32,099		32,099	
Motor car and travelling expenses	53,790		53,790	
Insurance including professional indemnity	132,776		132,776	
Entertaining	11,090		11,090	
Subscriptions and donations	15,432		15,432	
Depreciation	8,127		8,127	
Legal and professional fees	219,775		219,775	
Audit fees	14,000		14,000	
Repairs and maintenance	128		128	
Other expenses	13,214		13,214	
Computer costs and Names' investment services	60,232		60,232	
Irrecoverable VAT	18,102		18,102	
Bank charges and interest	1,212		1,212	
Provision against cost of investment in subsidiary	92,425		92,425	
Provision against loan to subsidiary	75,000		75,000	
		(1,599,105)		(1,599,105)
<hr/>				
(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(336,150)		(336,150)
		<hr/>		<hr/>

Profit and Loss AccountAppendix B

	£	1994 £	£	1993 £
TURNOVER				
Net retained salaries		996,492		996,492
Co-ordinating agents fee		12,192		12,192
Profit commission		140		140
Winding-up fees		67,171		67,171
Other commissions and recoveries		13,328		13,328
		<hr/>		<hr/>
		1,089,323		1,089,323
OTHER OPERATING INCOME				
Bank and other interest	65,632		65,632	
Management fee	108,000		108,000	
		173,632		173,632
		<hr/>		<hr/>
		1,262,955		1,262,955
LESS: EXPENDITURE				
Staff costs	653,493		653,493	
Professional indemnity and error and omissions insurance	332,776		332,776	
Depreciation	8,127		8,127	
Auditors' remuneration	14,000		14,000	
Exceptional write-offs	167,425		167,425	
Other expenditure	423,284		423,284	
		(1,599,105)		(1,599,105)
		<hr/>		<hr/>
(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(336,150)		(336,150)
		<hr/>		<hr/>