

HOLGATE INSURANCE BROKERS LIMITED

DIRECTORS' REPORT

- and -

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31st DECEMBER 1995



Company Number: 945042 (England and Wales)

HOLGATE INSURANCE BROKERS LIMITED
YEAR ENDED 31st DECEMBER 1995

COMPANY INFORMATION

Directors : S.J.R. Watts
D.W. Wright

Secretary : R.J. Watts, A.C.I.S.

Company Number : 945042

Registered Office : 3 Ripon House
35 Station Lane
Hornchurch
Essex RM12 6JL

Registered Auditors : Philip Osborn
109a High Street
Brentwood
Essex CM14 4RX

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HOLGATE INSURANCE BROKERS LIMITED
DIRECTORS' REPORT

The directors submit their report and the audited financial statements of the company for the year ended 31st December 1995.

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. 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, 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 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of acting as insurance brokers, agents and consultants. No changes are anticipated in the forthcoming year.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, was £99955 (1994 - £76968). A dividend of £900 per share (1994 £700) was paid during the year in respect of the year under review.

REVIEW OF THE BUSINESS

The directors are extremely satisfied the company is able to report continuing profits. The year end position is considered satisfactory and the level of business is expected to be maintained for the current year.

FIXED ASSETS

Movement in fixed assets is shown in Note 7 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors at 31st December 1995 and their interests in the shares of the company were as follows:

	<u>Ordinary Shares of £1 each</u>	
	<u>1995</u>	<u>1994</u>
S.J.R. Watts	50	50
D.W. Wright	50	50

HOLGATE INSURANCE BROKERS LIMITED
DIRECTORS' REPORT
(continued)

CLOSE COMPANY STATUS

The directors consider that the company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

In accordance with Section 385 of the Companies Act 1985 a resolution will be proposed at the forthcoming Annual General Meeting to re-appoint Philip Osborn who have expressed their willingness to continue as Auditors.

BY ORDER OF THE BOARD



R.J. WATTS
SECRETARY

3 Ripon House
35 Station Lane
Hornchurch
Essex
RM12 6JL

14th June 1996

REPORT OF THE AUDITORS TO THE MEMBERS OF
HOLGATE INSURANCE BROKERS LIMITED

We have audited the financial statements on pages 4 to 11, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Directors' Report the company's directors are 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 directors 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 as to whether the financial statements are free from material mis-statement, 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 31st December 1995, and of its result and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PHILIP OSBORN



CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

109a High Street
Brentwood
Essex
CM14 4RX

14th June 1996

HOLGATE INSURANCE BROKERS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 1995

	<u>Notes</u>	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
<u>COMMISSIONS RECEIVABLE</u>	1(c)	439196	350398
<u>INTEREST RECEIVABLE</u>		2617	4805
		<u>441813</u>	<u>355203</u>
<u>Administration Expenses</u>		(302427)	(244086)
<u>OPERATING PROFIT ON ORDINARY</u> <u>ACTIVITIES</u>	2	<u>139386</u>	<u>111117</u>
<u>INTEREST PAYABLE</u>	3	(2022)	(7467)
<u>PROFIT BEFORE TAX</u>		<u>137364</u>	<u>103650</u>
<u>TAXATION</u>	6	(37409)	(26682)
<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>AFTER TAXATION</u>		<u>99955</u>	<u>76968</u>
<u>DIVIDENDS</u>		(90000)	(70000)
<u>PROFIT FOR THE YEAR</u>		<u>9955</u>	<u>6968</u>
Retained Profits Brought Forward		20409	13441
<u>RETAINED PROFITS CARRIED FORWARD</u>		<u>£ 30364</u> <u>=====</u>	<u>£ 20409</u> <u>=====</u>

STATEMENT OF RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses for 1995 or 1994 other than those reported in the profit and loss account.

The notes on pages 7 to 11 form part of these financial statements.

HOLGATE INSURANCE BROKERS LIMITED
BALANCE SHEET AS AT 31st DECEMBER 1995

	Notes	£	1995	£	1994	£
<u>FIXED ASSETS</u>	7		122399		90949	
<u>INVESTMENT</u>	8		630		630	
			<u>123029</u>		<u>91579</u>	
<u>CURRENT ASSETS</u>						
Debtors	9	421108		305590		
Bank & Cash Balances		254991		118260		
		<u>676099</u>		<u>423850</u>		
<u>CREDITORS</u> (Amounts due within one year)	10	756456		485707		
<u>NET CURRENT (LIABILITIES)</u>			(80357)		(61857)	
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			42672		29722	
<u>CREDITORS</u> (Amounts due after one year)	11		(12208)		(9213)	
<u>NET ASSETS</u>			£ <u>30464</u>		£ <u>20509</u>	
<u>CAPITAL AND RESERVES</u>						
Share Capital	12		100		100	
Profit & Loss Account			30364		20409	
<u>SHAREHOLDERS FUNDS</u>	13		£ <u>30464</u>		£ <u>20509</u>	

Approved by the Board on 14th June 1996
and signed on its behalf by:

S.J.R. WATTS Director

D.W. WRIGHT Director

The notes on pages 7 to 11 form part of these financial statements.

HOLGATE INSURANCE BROKERS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED
31st DECEMBER 1995

	<u>Notes</u>	<u>£</u>	<u>1995</u>	<u>£</u>	<u>1994</u>	<u>£</u>
<u>NET CASH INFLOW FROM</u>						
<u>OPERATING ACTIVITIES</u>	14		324191		121590	
<u>RETURNS ON INVESTMENTS AND</u>						
<u>SERVICING OF FINANCE</u>						
Interest Paid		(166)		(220)		
Interest Element of Finance						
Lease Rental Payments		(1856)		(7247)		
Dividends Paid		(90000)		(70000)		
<u>NET CASH OUTFLOW FROM RETURNS</u>						
<u>ON INVESTMENTS AND</u>						
<u>SERVICING OF FINANCE</u>			(92022)		(77467)	
<u>TAXATION</u>						
U.K. Corporation Tax Paid			(30182)		(25130)	
<u>INVESTING ACTIVITIES</u>						
Acquisition of Investment		-		(630)		
Purchase of Fixed Assets		(84821)		(50565)		
Proceeds from Sale of						
Fixed Assets		12500		64999		
<u>NET CASH (OUTFLOW)/INFLOW FROM</u>						
<u>INVESTING ACTIVITIES</u>			(72321)		13804	
<u>FINANCING</u>						
Inception of Finance Lease Contracts		25124		-		
Capital Element of Finance						
Lease Rental Payments		(18059)		(78124)		
<u>NET CASH INFLOW/(OUTFLOW) FROM</u>						
<u>FINANCING</u>			7065		(78124)	
<u>INCREASE/(DECREASE) IN CASH</u>						
<u>AND CASH EQUIVALENTS</u>	15		£ 136731		£(45327)	
			=====		=====	

The notes on pages 7 to 11 form part of these financial statements.

HOLGATE INSURANCE BROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31st DECEMBER 1995

1. ACCOUNTING POLICIES

a) Basis of preparation of Financial Statements

The financial statements are prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

b) Depreciation

Depreciation of fixed assets is provided at rates which will write down the values of the assets over their expected useful lives. The rates used are as follows:-

Motor Vehicles	25% Reducing Balance Basis
Office Equipment	25% Reducing Balance Basis

c) Commissions Receivable

Commission is recognised in the profit and loss account on the date when policies become effective. Where full commission is paid by insurance companies and, due to lapsed policies, the commission is repaid proportionately, such contingent liability is now reported in note 17 below.

d) Deferred Taxation

No provision is made for deferred taxation where in the opinion of the directors there is reasonable evidence no liability will arise in the foreseeable future.

e) Leasing & Hire Purchase Commitments

Assets obtained under finance leases and hire purchase contracts are capitalised and depreciated over their useful economic lives. Finance charges are charged to profit and loss account so as to produce a constant periodic rate of charge on the remaining balance of the obligation. The cost of operating lease rentals is charged to profit and loss as incurred.

2. OPERATING PROFIT ON ORDINARY ACTIVITIES

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Operating profit on ordinary activities is stated after charging/(crediting):-		
Auditors' Remuneration	1000	1000
Directors' Remuneration	9600	9600
Directors' Pension Costs	6960	6600
Depreciation - owned assets	30308	19039
- leased assets	10490	7701
Equipment Leasing	521	521
Loss on Sale of Assets	73	501
	=====	=====

HOLGATE INSURANCE BROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(continued)

31st DECEMBER 1995

3. INTEREST PAYABLE

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Hire Purchase Interest	1856	7247
Interest on Overdue Tax	141	220
Bank Overdraft Interest	25	-
	<u>£2022</u>	<u>£7467</u>
	=====	=====

4. DIRECTORS EMOLUMENTS

The relevant details of directors emoluments, excluding pension contributions, were as follows:-

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Joint Chairman and Joint Highest Paid Director	£4800	£4800
	=====	=====
Joint Chairman	£4800	£4800
	=====	=====

5. EMPLOYEES

(a) The average number of employees during the year (including directors) was:

	<u>1995</u>	<u>1994</u>
	<u>Number</u>	<u>Number</u>
Administration & Management	16	14
	=====	=====

(b) The aggregate amount of wages, salaries and related costs of all the employees of the company, including directors, is comprised as follows:-

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
i) Wages & Salaries	136570	111748
ii) Social Security Costs	15833	11397
iii) Directors' Pension Costs	6960	6600
iv) Staff Pension Costs	960	-
Aggregate Staff Costs	<u>£160323</u>	<u>£129745</u>
	=====	=====

6. TAXATION

	<u>1995</u>	<u>1994</u>
U.K. Corporation Tax at rates of 25% (1994-25%) based on the profit for year	<u>£37409</u>	<u>£26682</u>
	=====	=====

HOLGATE INSURANCE BROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 (continued)
31st DECEMBER 1995

7. FIXED ASSETS

	<u>Office Equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
<u>COST</u>			
At 1st January 1995	19017	118360	137377
Additions	18255	66566	84821
Disposals	-	(25115)	(25115)
At 31st December 1995	<u>£37272</u>	<u>£ 159811</u>	<u>£197083</u>
<u>DEPRECIATION</u>			
At 1st January 1995	8593	37835	46428
Charge	7170	33628	40798
Disposals	-	(12542)	(12542)
At 31st December 1995	<u>£15763</u>	<u>£ 58921</u>	<u>£ 74684</u>
<u>NET BOOK VALUE</u>			
At 31st December 1995			
- owned assets	21509	69421	90930
- leased assets	-	31469	31469
	<u>£21509</u>	<u>£100890</u>	<u>£122399</u>
At 31st December 1994			
- owned assets	10424	57422	67846
- leased assets	-	23103	23103
	<u>£10424</u>	<u>£ 80525</u>	<u>£ 90949</u>

8. INVESTMENT

This represents a holding of 630 ordinary shares of £1 each in Broker Direct Development PLC. In the opinion of the directors this investment had a value of £630 at 31st December 1995.

9. DEBTORS

	<u>1995</u> £	<u>1994</u> £
Commissions Receivable	392110	283480
Advance Corporation Tax receivable	22500	17500
Other Debtors & Prepayments	6498	4610
	<u>£421108</u>	<u>£305590</u>

HOLGATE INSURANCE BROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 (continued)
31st DECEMBER 1995

10. CREDITORS (Amounts due within one year)

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Insurance Transaction Creditors	633873	381065
Other Creditors & Accruals	7767	10292
H.P. Agreements	16826	13308
Directors' Loan Accounts	41581	36860
Advance Corporation Tax payable	19000	17500
Corporation Tax	37409	26682
	<u>£ 756456</u>	<u>£485707</u>
	=====	=====

11. CREDITORS (Amounts due after one year)

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
H.P. Agreements	£ 12208	£ 9213
	=====	=====

12. SHARE CAPITAL

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Ordinary Shares of £1 each		
Authorised, Issued and Fully Paid	£ 100	£ 100
	=====	=====

13. MOVEMENT ON SHAREHOLDERS' FUNDS

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Profit for the Year	99955	76968
Less: dividends	(90000)	(70000)
	<u>9955</u>	<u>6968</u>
Opening shareholders' funds	20509	13541
Closing shareholders' funds	£ 30464	£ 20509
	=====	=====

14. RECONCILIATION OF OPERATING PROFIT
TO CASH FLOW FROM OPERATING ACTIVITIES

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Operating Profit	139386	111117
Depreciation	40798	26740
Loss on Sale of Assets	73	501
(Increase)/Decrease in Debtors	(111070)	73096
Increase/(Decrease) in Creditors	255004	(89864)
	<u>£324191</u>	<u>£ 121590</u>
	=====	=====

HOLGATE INSURANCE BROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 (continued)
31st DECEMBER 1995

15. RECONCILIATION OF MOVEMENTS IN CASH AND CASH EQUIVALENTS WITH BALANCE SHEET ITEMS

	<u>1995</u> £	<u>1994</u> £
Cash and Cash Equivalents balance at 31st December 1994	118260	163587
Net Cash Inflow/(Outflow)	136731	(45327)
Cash and Cash Equivalents balance at 31st December 1995	£ 254991 =====	£118260 =====

16. CAPITAL COMMITMENTS

At 31st December 1995 no commitment existed for any capital expenditure and no such expenditure had been authorised by the directors for which provision has not been made in these accounts.

17. CONTINGENT LIABILITIES

Where policies are allowed to lapse and commissions have been received in advance, there is a contingent liability in that a proportion of the commissions have to be repaid to the insurance companies. This is a continuing position and the directors are of the opinion that to quantify this liability would be misleading and of no commercial benefit.

18. FINANCIAL COMMITMENTS

The company had the following annual commitments under non-cancellable operating leases:-

	<u>1995</u> £	<u>1994</u> £
Leases Expiring:-		
Within one year	-	-
In two to five years	651	911
After five years	-	-
	£ 651 =====	£ 911 =====