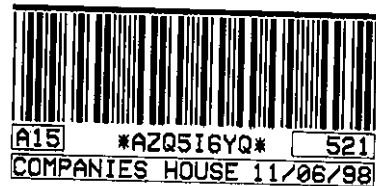


Company Number 1600910

B.I.B. (DARLINGTON) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 1997



B.I.B. (DARLINGTON) LIMITED

YEAR ENDED 31 OCTOBER 1997

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B.I.B. (DARLINGTON) LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 October 1997.

Business Review

The principal activity of the company is that of insurance broking.

The profit to be transferred to reserves is £3,754 (1996:£20,611) as set out in the profit and loss account on page 4.

There have been no significant changes in the activities during the year and no change is expected to occur in the business in the foreseeable future.

Dividend

The directors do not recommend the payment of a dividend for the year ended 31 October 1997.

Tax Status

The company is a close company within the meaning of S.414 of the Income and Corporation Taxes Act 1988 and complies with the provisions of the Act.

Directors


The directors who served during the year and their interests in the shares of the company at the beginning and end of the year were:-

	<u>Ordinary shares of £1 each</u>	
	<u>31 October 1997</u>	<u>1 November 1996</u>
C.D. Carter	3,000	3,000
M.P. Littleton	4,000	4,000
P. Atkinson	3,000	3,000

Auditors

In accordance with S.385 of the Companies Act 1985, a resolution for the reappointment of Clive Owen & Co as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board


.....
P. ATKINSON

B.I.B. (DARLINGTON) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the results of the company for that year.

In preparing those financial statements the directors are required to:-

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

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.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF

B.I.B. (DARLINGTON) LIMITED

We have audited the financial statements on pages 4 to 14 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 on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

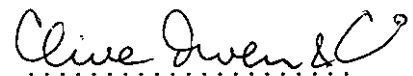
BASIS OF OPINION

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 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 October 1997 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CLIVE OWEN & CO
Registered Auditors
Chartered Accountants

140 Coniscliffe Road
Darlington

6 March 1998

B.I.B. (DARLINGTON) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 1997

		<u>1997</u>	<u>1996</u>
	<u>Note</u>	£	£
<u>TURNOVER</u>	2	794,008	736,061
Administrative expenses		(783,087)	(706,649)
		<hr/>	<hr/>
<u>OPERATING PROFIT</u>	4	10,921	29,412
(Loss)/profit on sale of tangible fixed assets		(1,132)	4,826
Interest receivable		9,145	4,662
Interest payable	5	(12,246)	(17,933)
		<hr/>	<hr/>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		6,688	20,967
Taxation	6	(2,934)	(356)
		<hr/>	<hr/>
<u>PROFIT FOR THE FINANCIAL YEAR</u>		3,754	20,611
<u>PROFIT AND LOSS ACCOUNT BROUGHT FORWARD</u>		58,705	38,094
		<hr/>	<hr/>
<u>PROFIT AND LOSS ACCOUNT CARRIED FORWARD</u>		£ 62,459	£ 58,705
		=====	=====

There have been no recognised gains or losses in 1997 or 1996 other than the profit for the financial year.

The above results all relate to continuing activities.

The notes on pages 7 to 14 form part of these financial statements.

B.I.B. (DARLINGTON) LIMITED

BALANCE SHEET


AS AT 31 OCTOBER 1997

		<u>1997</u>		<u>1996</u>	
	<u>Note</u>	£	£	£	£
<u>FIXED ASSETS</u>					
Intangible fixed assets	7		11,994		-
Tangible fixed assets	8		124,427		139,724
Investments	9		1,308		630
			<hr/>		<hr/>
			137,729		140,354
<u>CURRENT ASSETS</u>					
Debtors	10	549,278		443,291	
Cash at bank		212,560		146,587	
		<hr/>		<hr/>	
			761,838		589,878
<u>CREDITORS</u> : Amounts falling due within one year	11	(793,930)		(621,679)	
		<hr/>		<hr/>	
<u>NET CURRENT LIABILITIES</u>			(32,092)		(31,801)
			<hr/>		<hr/>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			105,637		108,553
<u>CREDITORS</u> : Amounts falling due after more than one year	12		(33,178)		(39,848)
			<hr/>		<hr/>
<u>NET ASSETS</u>			£ 72,459		£ 68,705
			=====		=====
<u>CAPITAL AND RESERVES</u>					
Called up share capital	13		10,000		10,000
Profit and loss account			62,459		58,705
			<hr/>		<hr/>
<u>SHAREHOLDERS' FUNDS</u>			£ 72,459		£ 68,705
			=====		=====

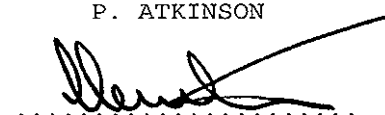
The notes on pages 7 to 14 form part of these financial statements.

The financial statements were approved by the Board on 6 March 1998.


.....
M. B. LITTLETON


.....
P. ATKINSON

DIRECTORS


.....
C. D. CARTER

B.I.B. (DARLINGTON) LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 OCTOBER 1997

		<u>1997</u>		<u>1996</u>	
	<u>Note</u>	£	£	£	£
<u>NET CASH INFLOW FROM OPERATING ACTIVITIES</u>	18		168,635		61,351
<u>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</u>					
Interest received		9,145		4,662	
Interest paid		(12,246)		(17,933)	
<u>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</u>			(3,101)		(13,271)
<u>CAPITAL EXPENDITURE</u>					
Purchase of tangible fixed assets		(20,697)		(6,208)	
Purchase of intangible fixed assets		(17,990)		-	
Purchase of investments		(678)		-	
Proceeds of sale of tangible fixed assets		27,200		11,395	
<u>NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES</u>			(12,165)		5,187
<u>NET CASH INFLOW BEFORE FINANCING</u>			153,369		53,267
<u>MANAGEMENT OF LIQUID RESOURCES</u>					
Cash deposited on 30 day Treasury Deposit Account			(25,000)		(100,000)
<u>FINANCING</u>					
Repayment of hire purchase and finance lease obligations	19	(57,630)		(64,573)	
<u>NET CASH OUTFLOW FROM FINANCING</u>			(57,630)		(64,573)
<u>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</u>	19		£ 70,739		£ (111,306)
			=====		=====

The notes on pages 7 to 14 form part of these financial statements.

B.I.B. (DARLINGTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention and applicable Accounting Standards.

(b) Tangible Fixed Assets

Depreciation is calculated so as to write off the cost of the tangible fixed assets by equal instalments over their estimated useful lives as follows:-

Motor vehicles	25%
Office furniture and equipment	10%-33%

Assets held under hire purchase and finance lease contracts are capitalised in accordance with Statement of Standard Accounting Practice No.21.

Hire purchase and finance lease interest are included in the financial statements on the basis of the inherent rate of interest in the hire purchase or finance lease agreement.

(c) Investments

Investments are stated at cost less any provision for permanent diminution in value.

(d) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

(e) Pension Costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. TURNOVER

Turnover represents commissions receivable in respect of policies incepted during the year.

The analyses of turnover by activity and geographical area are as follows:-

	<u>1997</u>	<u>1996</u>
Commissions	£794,008	£736,061
	=====	=====
United Kingdom	£794,008	£736,061
	=====	=====

3. STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year was as follows:-

	<u>1997</u>	<u>1996</u>
Management	3	3
Administration and sales	27	19
	<hr/>	<hr/>
	30	22
	====	====

The aggregate payroll costs of these persons were as follows:-

	<u>1997</u>	<u>1996</u>
	£	£
Wages and salaries	344,194	240,950
Social security costs	27,728	21,173
Other pension costs	24,353	17,415
	<hr/>	<hr/>
	£396,275	£279,538
	=====	=====

4. OPERATING PROFIT

Operating profit is stated after charging the following:-

	<u>1997</u>	<u>1996</u>
	£	£
Directors' remuneration	45,600	40,750
Depreciation - owned assets	26,060	9,121
- hire purchase assets	20,382	27,510
- leased assets	9,139	17,189
Amortisation of goodwill	5,996	-
Audit fee	3,525	3,525
Operating lease rentals	31,518	6,699
	=====	=====

5. INTEREST PAYABLE

	<u>1997</u>	<u>1996</u>
	£	£
On bank overdraft	953	3,964
On hire purchase obligations	8,310	7,954
On finance lease obligations	2,983	6,015
	<hr/>	<hr/>
	£12,246	£17,933
	=====	=====

6. TAXATION

Taxation based on the profit for the year:-

	<u>1997</u>	<u>1996</u>
	£	£
Corporation tax at 22.25%	3,290	356
Prior year overprovision	(356)	-
	<hr/>	<hr/>
	£2,934	£ 356
	=====	=====

7. INTANGIBLE FIXED ASSETS

	<u>Goodwill</u>
	£
<u>COST</u>	
At 1 November 1996	-
Additions	17,990
	<hr/>
At 31 October 1997	17,990
	<hr/>
<u>AMORTISATION</u>	
At 1 November 1996	-
Amortised in year	5,996
	<hr/>
At 31 October 1997	5,996
	<hr/>
<u>NET BOOK VALUE</u>	
At 31 October 1997	£11,994
	=====
At 31 October 1996	£ -
	=====

8. TANGIBLE FIXED ASSETS

	<u>Motor Vehicles</u>	<u>Office Furniture and Equipment</u>	<u>Total</u>
	£	£	£
<u>COST</u>			
At 1 November 1996	132,751	165,415	298,166
Additions	55,787	12,827	68,614
Disposals	(81,405)	(7,108)	(88,513)
	<hr/>	<hr/>	<hr/>
At 31 October 1997	107,133	171,134	278,267
	<hr/>	<hr/>	<hr/>
<u>DEPRECIATION</u>			
At 1 November 1996	62,925	95,517	158,442
Charge in year	30,095	25,486	55,581
Disposals	(54,339)	(5,844)	(60,183)
	<hr/>	<hr/>	<hr/>
At 31 October 1997	38,681	115,159	153,840
	<hr/>	<hr/>	<hr/>
<u>NET BOOK VALUE</u>			
At 31 October 1997	£ 68,452	55,975	124,427
	=====	=====	=====
At 31 October 1996	£ 69,826	69,898	139,724
	=====	=====	=====

The net book value of assets held under hire purchase and finance lease agreements at 31 October 1997 were £93,867 (1996:£120,087).

9. FIXED ASSET INVESTMENTS

	<u>Other Unlisted Investment</u>
	£
At 1 November 1996	630
Additions	678
	<hr/>
At 31 October 1997	£1,308
	=====

10. DEBTORS

Amounts falling due within one year:-

	<u>1997</u>	<u>1996</u>
	£	£
Trade debtors	466,372	375,463
Other debtors	2,700	1,925
Due from related undertakings	41,312	29,866
Prepayments and accrued income	38,894	36,037
	<hr/>	<hr/>
	£549,278	£443,291
	=====	=====

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1997</u>	<u>1996</u>
	£	£
Bank overdraft	32,282	62,048
Trade creditors - insurance	635,583	461,450
Trade creditors - others	22,407	27,238
Taxation and social security	32,515	11,060
Hire purchase obligations	34,271	35,686
Finance lease obligations	9,276	10,904
Accruals and deferred income	27,596	13,293
	<hr/>	<hr/>
	£793,930	£621,679
	=====	=====

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1997</u>	<u>1996</u>
	£	£
Hire purchase obligations	30,349	27,723
Finance lease obligations	2,829	12,125
	<hr/>	<hr/>
	£33,178	£39,848
	=====	=====

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (Continued)

The analysis of the maturity of debt is as follows:-

	<u>1997</u>	<u>1996</u>
	£	£
Within one to two years	27,116	29,048
Within two to five years	6,062	10,800
	<hr/>	<hr/>
	£33,178	£39,848
	=====	=====

13. SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	£	£
<u>Authorised</u>		
21,000 Ordinary shares of £1 each	21,000	21,000
	=====	=====
<u>Allotted, Called Up and Fully Paid</u>		
10,000 Ordinary shares of £1 each	10,000	10,000
	=====	=====

14. MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1997</u>	<u>1996</u>
	£	£
Profit for the financial year	3,754	20,611
Opening shareholders' funds	68,705	48,094
	<hr/>	<hr/>
Closing shareholders' funds	£72,459	£68,705
	=====	=====

15. COMMITMENTS

Capital commitments at 31 October 1997 were as follows:-

	<u>1997</u>	<u>1996</u>
Contracted	£Nil	£Nil

Annual commitments under non-cancellable operating leases in respect of motor vehicles and office equipment are as follows:-

	<u>1997</u>	<u>1996</u>
Expiry date:-		
Within two to five years	£32,769	£6,063
	=====	=====

16. CONTINGENT LIABILITIES

There were no contingent liabilities (1996:£Nil).

17. RELATED PARTY TRANSACTIONS

The company trades on a regular basis with B.I.B. Underwriters Limited on an insurance broker/underwriter relationship, at arm's length. The balance due to B.I.B. Underwriters Limited, included in insurance creditors, at 31 October 1997 was £78,518.

The company also rents part of the premises owned by B.I.B. Underwriters Limited, the rental charge in the year being £27,000. There was also a loan outstanding from this company at 31 October 1997 of £41,312.

The company paid commissions to B.I.B. Financial Services Limited of £93,970.

Both B.I.B. Underwriters Limited and B.I.B. Financial Services Limited are controlled by the directors of B.I.B. (Darlington) Limited.

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1997</u>	<u>1996</u>
	£	£
Operating profit	10,921	29,412
Depreciation	55,581	53,820
Amortisation of goodwill	5,996	-
(Increase)/decrease in debtors	(105,987)	28,317
Increase/(decrease) in creditors	202,124	(50,198)
<u>NET INFLOW FROM OPERATING ACTIVITIES</u>	<u>£168,635</u>	<u>£61,351</u>
	=====	=====

19. ANALYSIS OF CHANGES IN NET DEBT

	At 1 November <u>1996</u>	Cash Flows	Other Changes	At 31 October <u>1997</u>
	£	£	£	£
Cash at bank	46,587	40,973	-	87,560
Bank overdraft	(62,048)	29,766	-	(32,282)
	<u>(15,461)</u>	<u>70,739</u>	<u>-</u>	<u>55,278</u>
Debt due within one year	(46,590)	57,630	(54,587)	(43,547)
Debt due after one year	(39,848)	-	6,670	(33,178)
Treasury deposit account	100,000	25,000	-	125,000
	<u>£ (1,899)</u>	<u>£153,369</u>	<u>£ (47,917)</u>	<u>£103,553</u>
	=====	=====	=====	=====