

FRASER INSURANCE SERVICES LIMITED  
REPORT AND FINANCIAL STATEMENTS  
66 WEEKS ENDED 3 MAY 1986

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FRASER INSURANCE SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 1986

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**FRASER INSURANCE SERVICES LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

Directors	PK Winstone NW Towning RJ Scott
Secretary	RJ Scott
Registered office	1 Howick Place London SW1P 1BH
Auditors	Price Waterhouse Chartered Accountants
Bankers	Midland Bank plc

## FRASER INSURANCE SERVICES LIMITED

### DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 66 weeks ended 3 May 1986.

### ACTIVITIES

The company's principal activities for the period have continued to be that of insurance intermediaries and risk management consultants.

### REVIEW OF THE BUSINESS

The financial year end of the company has been changed to 3 May 1986 so as to conform with the accounting reference date of its holding company.

Commission earned increased by 39% during the 66 weeks compared to the prior 52 week period and the directors believe that further progress will be made in the year ahead.

The following new accounts were acquired during the period:

Ingall Industries plc  
Switzer & Company Limited  
Kurt Geiger (Holdings) Limited  
Turnbull & Asser (Holdings) Limited

A major new scheme of creditor insurance was introduced to Charge Account customers of House of Fraser (Stores) Limited in March 1985 and significant income has been derived from it. A number of personal insurance mailing campaigns have also been conducted on a test basis.

In the year ahead further efforts will be made to develop income from sales of personal insurance and we shall explore ways of providing insurance services within the House of Fraser Group's retail outlets.

### RESULTS AND DIVIDENDS

The directors do not recommend the payment of a dividend (1985 - £Nil). The profit for the financial period of £294,623 (1985 - £177,791) has been retained.

## FRASER INSURANCE SERVICES LIMITED

### DIRECTORS' REPORT (continued)

#### FIXED ASSETS

Details of fixed assets are set out in note 6 to the financial statements

#### DIRECTORS AND SECRETARY

The directors and secretary of the company who have held office during the period are set out below:

Directors	PK Winstone	
	RJ Scott	(appointed 1 June 1985)
	NW Towning	(appointed 1 May 1986)
	RD Pearce	(retired 1 May 1986)
	BS Hodge	(resigned 1 June 1985)

The directors have no interest in the shares of the company. No director has had a material interest directly or indirectly at any time during the period in any contract significant to the business of the company.

The interest of directors who were not also directors of the holding company in the shares of House of Fraser plc at 26 January 1985 (or date of appointment) and 3 May 1986 were:

	3 May 1986	26 January 1985
PK Winstone	-	765

#### EMPLOYEES' PROFIT LINKED BONUS

All eligible staff received a Profit Linked Bonus based on the profit for the period to 1 February 1986.

A new Employees' Share Scheme has been agreed in principle and it is hoped that this will be introduced in 1987.

#### HEALTH AND SAFETY

In accordance with the provisions of the Health and Safety at Work Act 1974, the company has issued a written statement of its general policy with respect to the health, safety and welfare at work of its employees and the organisation and arrangements for carrying out that policy.

This statement has been brought to the notice of all employees of the company.

## FRASER INSURANCE SERVICES LIMITED

### DIRECTORS' REPORT (continued)

#### DISABLED PEOPLE

It is the policy of the company to give full and fair consideration to applications for employment from disabled persons, to continue wherever possible the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotion is afforded to such persons.

#### EMPLOYEE INVOLVEMENT

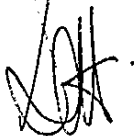
Information is provided regularly to employees by means of normal management communication channels using written materials, face to face meetings and video presentations.

Consultation with employees takes place through elected staff committees, health and safety committees and through normal recognised trades union channels. A general awareness of the Company's performance is maintained through regular weekly half-hour training sessions for all staff and, through individual performance appraisals, employees are made aware of their individual contribution to the Company.

#### AUDITORS

Touche Ross resigned as auditors on 28 February 1986. Price Waterhouse were appointed to fill the casual vacancy until the next Annual General Meeting when a resolution to re-appoint them will be proposed.

By Order of the Board



RJ Scott  
Secretary

7 August 1986

Southwark Towers  
32 London Bridge Street  
London SE1 9SY

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Telex 884657/8  
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*Price Waterhouse*



AUDITORS' REPORT TO THE MEMBERS OF  
FRASER INSURANCE SERVICES LIMITED

We have audited the financial statements on pages 6 to 13 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 3 May 1986 and of its profit and source and application of funds for the 66 weeks then ended and comply with the Companies Act 1985.

*Price Waterhouse*

Chartered Accountants

7 August 1986

FRASER INSURANCE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT  
66 WEEKS ENDED 3 MAY 1986

	<u>Note</u>	<u>66 weeks ended</u> <u>3 May 1986</u> £	<u>52 weeks ended</u> <u>26 January 1985</u> £
Commission Earned	2	609,455	437,318
Bank interest received		93,745	9,175
Administrative expenses		(210,602)	(115,946)
Profit on ordinary activities before taxation	3	492,598	330,547
Tax on profit on ordinary activities	4	(197,975)	(152,756)
Profit for the financial period		294,623	177,791
Profit and loss account brought forward		<u>311,673</u>	<u>133,882</u>
Profit and loss account carried forward		<u>606,296</u>	<u>311,673</u>



# FRASER INSURANCE SERVICES LIMITED

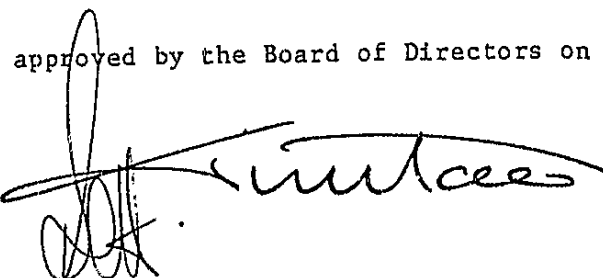
## BALANCE SHEET AS AT 3 MAY 1986

	<u>Note</u>	<u>3 May 1986</u> £	<u>26 January 1985</u> £
FIXED ASSETS			
Tangible assets	6	12,688	8,911
CURRENT ASSETS			
Debtors	7	82,926	57,665
Cash at bank and in hand	8	<u>2,056,107</u>	<u>671,466</u>
		2,139,033	729,131
CREDITORS (Amounts falling due within one year)	9	<u>(1,445,425)</u>	<u>(326,369)</u>
NET CURRENT ASSETS		<u>693,608</u>	<u>402,762</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>706,296</u>	<u>£411,673</u>
CAPITAL AND RESERVES			
Called up share capital	10	100,000	100,000
Profit and loss account		<u>606,296</u>	<u>311,673</u>
		<u>706,296</u>	<u>411,673</u>

The financial statements were approved by the Board of Directors on 7 August 1986.

PK Winstone  
RJ Scott

) Director



FRASER INSURANCE SERVICES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
66 WEEKS ENDED 3 MAY 1986

	66 weeks ended 3 May 1986 £	52 weeks ended 26 January 1985 £
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	492,598	330,547
Adjustments for items not involving the movement of funds		
Depreciation	4,133	7,036
Profit on sale of fixed assets	(147)	(215)
Total generated from operations	496,584	337,368
Proceeds of sale of fixed assets	975	303
Increase in creditors (excluding corporation tax liability)	1,393,056	36,466
Decrease in debtors	-	23,388
	1,890,615	397,525
APPLICATION OF FUNDS		
Consideration for group relief on current year tax liability	(198,000)	(2,328)
Additions to fixed assets	(8,738)	(15,056)
Tax paid in period	(273,975)	-
Increase in debtors	(25,261)	-
INCREASE IN NET LIQUID FUNDS	1,384,641	380,141

FRASER INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
66 WEEKS ENDED 3 MAY 1986

1 ACCOUNTING POLICIES

(a) Accounting convention

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

(b) Commission

Commission represents the amount of broking commission receivable by the company.

(c) Depreciation of fixed tangible assets

Depreciation is provided by the company in order to write down to estimated residual value (if any), the cost of fixed assets by equal annual instalments.

The rates of depreciation are:

Motor vehicles	25%
Plant and machinery	10% - 20%
Fixtures and fittings	10%

(d) Taxation

Deferred taxation is provided in respect of timing differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the accounts except where the tax reduction is expected to continue for the foreseeable future.

(e) Pensions

Retirement benefits to the present employees of the company are funded by contributions from the company and employees. Payments are made to pension trusts which are financially separate from the company, in accordance with calculations made periodically by consulting actuaries. The cost of those contributions and of providing pensions to some former employees is charged against profits for the period.

(f) Foreign currency

All items in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Realised gains and losses are dealt with in the profit and loss account.

FRASER INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
66 WEEKS ENDED 3 MAY 1986 (Continued)

2 COMMISSION EARNED

	66 weeks to 3 May 1986 £	52 weeks to 26 Jan 1985 £
External transactions	171,504	109,665
Inter-company transactions	<u>437,951</u>	<u>327,653</u>
	<u>609,455</u>	<u>437,318</u>

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is after charging:

	66 weeks to 3 May 1986 £	52 weeks to 25 Jan 1985 £
Depreciation	4,133	7,036
Auditors' remuneration	<u>5,000</u>	<u>3,500</u>

4 PROFIT ON ORDINARY ACTIVITIES

	1986 £	1985 £
Corporation tax based on the profit for the period	198,678	153,000
Adjustment to prior year provision	<u>(703)</u>	<u>(244)</u>
	<u>197,975</u>	<u>152,756</u>

Corporation tax is provided at an effective rate of 40.33% (1985 - 45.83%)  
and will be payable as consideration for group relief received to other group  
companies.

FRASER INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
66 WEEKS ENDED 3 MAY 1986 (Continued)

5 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

66 weeks ended 3 May 1986	52 weeks ended 26 Jan 1986
<u>£</u>	<u>£</u>

A management charge in respect of one directors' services has been levied by the holding company. This amounted to:

<u>25,703</u>	<u>Nil</u>
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Amounts charged to profit and loss in respect of the only director paid by the company were:

<u>22,709</u>	<u>12,588</u>
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The scales of other directors' remuneration were as follows:

	1986	Number 1985
£ 0 - £ 5,000	4	3
£10,001 - £15,000	-	1
£15,001 - £20,000	<u>1</u>	<u>-</u>
	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>

Employee costs:

Wages and salaries  
Social security costs  
Other pension costs

116,129	55,090
8,681	4,232
<u>7,622</u>	<u>4,967</u>
<u>132,432</u>	<u>64,289</u>

1986	1985
Number	Number

The average number of employees during the year was:

<u>7</u>	<u>7</u>
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FRASER INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
66 WEEKS ENDED 3 MAY 1986 (Continued)

6 FIXED TANGIBLE ASSETS

	<u>Motor vehicles</u> £	<u>Plant and machinery</u> £	<u>Fixtures, fittings</u> £	<u>Total</u> £
<u>Cost</u>				
At 26 January 1985	10,134	23,867	2,727	36,728
Additions	6,850	1,544	344	8,738
Disposals	(4,915)	(737)	-	(5,652)
At 3 May 1986	<u>12,069</u>	<u>24,674</u>	<u>3,071</u>	<u>39,814</u>
<u>Accumulated depreciation</u>				
At 26 January 1985	5,036	21,489	1,292	27,817
Disposals	(4,096)	(728)	-	(4,824)
Charge for the period	<u>3,161</u>	<u>728</u>	<u>244</u>	<u>4,133</u>
At 3 May 1986	<u>4,101</u>	<u>21,489</u>	<u>1,536</u>	<u>27,126</u>
<u>Net book value</u>				
At 3 May 1986	<u>7,968</u>	<u>3,185</u>	<u>1,535</u>	<u>12,688</u>
At 26 January 1985	<u>5,098</u>	<u>2,378</u>	<u>1,435</u>	<u>8,911</u>

7 DEBTORS

	<u>1986</u> £	<u>1985</u> £
Trade debtors	23,094	521
Amounts owed by a group company	15,281	55,281
Prepayments and accrued income	<u>44,551</u>	<u>1,863</u>
	<u>82,926</u>	<u>57,665</u>

8 CASH AT BANK AND IN HAND

	<u>1986</u> £	<u>1985</u> £
Insurance broking account	1,380,811	89,095
Office account and cash in hand	<u>675,296</u>	<u>582,371</u>
	<u>2,056,107</u>	<u>671,466</u>

FRASER INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
66 WEEKS ENDED 3 MAY 1986 (Continued)

9	CREDITORS (Amounts falling due within one year)	<u>1986</u> £	<u>1985</u> £
	Trade creditors	966,721	42,768
	Amounts owed to group company	158,000	-
	Corporation tax	-	274,000
	Accruals and deferred income	<u>320,704</u>	<u>9,601</u>
		<u>1,445,425</u>	<u>326,369</u>
10	CALLED UP SHARE CAPITAL	<u>1986</u> £	<u>1985</u> £
	Authorised, allotted and fully paid ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
11	CAPITAL COMMITMENTS	<u>1986</u> £	<u>1985</u> £
	Authorised by directors but not contracted:	<u>-</u>	<u>9,400</u>
12	ULTIMATE HOLDING COMPANY		
	The ultimate holding company is Al-Fayed Investment and Trust S.A., a private company which is wholly and beneficially owned and controlled by Mohamed, Salah and Ali Al-Fayed, and is incorporated in Liechtenstein.		