

2948671

# Murray Lawrence (Underwriting Agents) Limited

Report and Accounts

31 March 1997



# **MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED**

## **Directors and officers**

### **Directors**

TR Bruce  
Chairman

\* PN Archard FCA  
Mrs FMT Bennett Barrister  
Ms SJ Coryn BA (Econ) Hons ACII  
JD Denoon Duncan BA (Hons)  
\* Sir Ewen Fergusson GCMG GCVO FCIB  
\* JDC Smiley MA  
AJ Smithson  
DE Stafford

*\* Non-executive*

### **Secretary**

GCPR Walsh LLB (Hons) Grad IPD

### **Registered office**

One Whittington Avenue  
London EC3V 1LE

### **Auditors**

Coopers & Lybrand  
Embankment Place  
London WC2N 6NN

Registered number: 2948671 London

## **MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED**

### **Directors' Report for the year ended 31 March 1997**

The directors present their report and the audited financial statements, together with the auditors' report, for the year ended 31 March 1997. During the previous period the company changed its accounting reference date from 31 December to 31 March.

#### **Principal activities and business review**

The company is a wholly owned subsidiary of Murray Lawrence Holdings Limited and commenced business as a Lloyd's members' agency representing the interests of underwriting members of Lloyd's ("Names") on 1 January 1995.

The company is subject to the rules, regulations and bye-laws of Lloyd's.

For the 1996 underwriting account the agency placed a premium income capacity of £144 million on 89 Lloyd's syndicates writing a mix of marine, non-marine, aviation, short term life and motor business. This represented the total allocated capacity of the agency's 251 active natural Names and one corporate member in 1996. For the 1997 underwriting account the agency placed premium income capacity of £103 million on 79 syndicates on behalf of 191 natural Names, one corporate member and one Scottish Limited Partnership.

The directors will maintain the agency's policy of supporting a nucleus of sound "core" syndicates and will continue to work to support the developments aimed at improving and strengthening the market's capital base. The directors will continue to seek ways of developing the syndicate research and client care areas of the company's operations.

#### **Results and dividends**

Details of the results for the year are set out in the Profit and Loss Account on page 6. The directors recommend that no dividend be paid. The deficit of £470,000 (15 months 1996 - £375,000) has been transferred to reserves.

#### **Tangible fixed assets**

Information relating to the changes in tangible fixed assets is given in Note 9 to the accounts.

#### **Directors and officers**

The directors and secretary of the company at the date of this report are listed on page 1.

Mr DT Carey resigned as chairman on 30 September 1996.

Lord Greenock and Mr MD Jones resigned from the board of directors on 30 August 1996.

Mr SJ Drake and Mr J Gordon resigned from the board of directors on 31 December 1996.

Mrs MG Calver resigned from the board of directors on 25 April 1997.

Mr TG Ware resigned as company secretary on 30 September 1996.

Mr GCPR Walsh was appointed as company secretary on 30 September 1996

## MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED

### Directors' Report for the year ended 31 March 1997

#### Directors' interests

The directors of the company at the date of this report are listed on page 1. Details of their interests in the shares of Murray Lawrence Holdings Limited and in options in respect of such shares are set out in Note 6 to the accounts.

#### Employees

The directors are conscious that the primary asset of the company is the expertise and dedication of its employees. The company's employment policies aim to facilitate the recruitment, the retention and the development of all employees who contribute to the success of the business.

There is a commitment throughout the company to provide employees with information and undertake consultation on matters of concern to them with a view to ensuring an awareness of the financial and economic factors affecting the performance of the business. Employees are encouraged to develop their existing and potential skills by taking advantage of the training and development opportunities made available to them.

#### Auditors

Elective resolutions to dispense with holding annual general meetings, the laying of accounts before the company in general meeting and the appointment of auditors annually are currently in force. The auditors, Coopers & Lybrand, will therefore be deemed to have been reappointed at the end of the period of 28 days beginning with the day on which copies of this report are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

By order of the board



*GCPR Walsh*

Secretary

29 May 1997

## Statement of 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;
- 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.

By order of the board



*GCPR Walsh*

Secretary

29 May 1997

**MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED**

**Report of the Auditors**

**to the members of Murray Lawrence (Underwriting Agents) Limited**

We have audited the financial statements on pages 6 to 11.

**Respective responsibilities for directors and auditors**

As described on page 4 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 statements and to report our opinion to you.

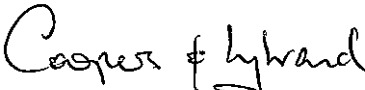
**Basis of opinion**

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 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 affairs of the company as at 31 March 1997 and of the results 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  
3 June 1997

**MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED****Profit and Loss Account for the year ended 31 March 1997**

	Notes	year to 31/3/97 £'000	15 months to 31/3/96 £'000
Revenue - continuing operations	2	924	1,161
Expenses - continuing operations		(1,352)	(1,700)
Exceptional item - R & R contribution	1(i)	(263)	-
<b>Operating loss</b>		<b>(691)</b>	<b>(539)</b>
Interest receivable and similar income		1	7
Interest payable and similar charges	3	(7)	(11)
<b>Loss on ordinary activities before taxation</b>	4	<b>(697)</b>	<b>(543)</b>
Taxation on loss on ordinary activities	8	227	168
<b>Loss for the period</b>	13	<b>(470)</b>	<b>(375)</b>

There were no recognised gains or losses in the period other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

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

**MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED**

**Balance Sheet at 31 March 1997**

	Notes	31/3/97 £'000	31/3/96 £'000
<b>Fixed assets</b>			
Tangible assets	9	2	4
<b>Current assets</b>			
Debtors	10	728	584
Cash at bank		684	97
		1,412	681
<b>Creditors</b> - amounts falling due within one year	11	1,328	787
<b>Net current assets</b>		84	(106)
<b>Total assets less current liabilities</b>		86	(102)
<b>Accruals and deferred income</b>	1(i)	606	23
<b>Net liabilities</b>		(520)	(125)
<b>Capital and reserves</b>			
Called-up share capital	12	325	250
Profit and loss account	13	(845)	(375)
<b>Shareholders' funds</b>	14	(520)	(125)

  
TR Bruce

Director

29 May 1997

The notes on pages 8 to 11 form an integral part of these accounts.



## MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED

### Notes to the Accounts at 31 March 1997

#### 1 Accounting policies

- (a) The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.
- (b) The company is a wholly owned subsidiary undertaking of Murray Lawrence Holdings Limited and the cash flows of the company are included in the consolidated group cash flow statement of Murray Lawrence Holdings Limited. Consequently the company is exempt under the terms of Financial Reporting Standard No.1 from publishing a cash flow statement.
- (c) Credit is taken for underwriting fees in the accounting period in which they are chargeable to the underwriting account. Credit is taken for underwriting profit commission in the period in which it is receivable, being the period following the closing of the underwriting account.
- (d) The cost of fixed assets is depreciated over their expected useful lives on a straight line basis.

Depreciation rates:	Motor vehicles	33.3%
	Computer hardware	33.3%
	Computer software	50.0%
	Fixtures and fittings	33.3%

- (e) Pensions are provided by means of a funded defined benefit scheme and contributions are based on actuarial advice. The expected cost of providing pensions is recognised on a systematic and rational basis over the expected average remaining service life of members of the scheme.
- (f) Account is taken of the effect of timing differences between the accounting and tax treatment of certain items of revenue and expense to the extent that it is probable that a liability will arise or that an asset will be realised in the foreseeable future.
- (g) Assets held under finance leases are capitalised and depreciated in the same manner as owned tangible fixed assets. Obligations under finance leases are included in creditors. Rentals payable under finance leases are allocated between capital, which reduces the outstanding obligation, and interest, which is charged to profit and loss account on a basis which produces a constant periodic rate of charge on the outstanding obligation.
- (h) Costs in respect of operating leases are charged to the profit and loss account as incurred.
- (i) The cost of Lloyd's renewal and reconstruction (R & R) has been charged to the profit and loss account in the period in which it is due and payable. Payment on account of profit commission due in respect of 1994 and 1995 will be recognised in the accounting periods following in accordance with the accounting policy in 1(c) above and is shown as deferred income at the balance sheet date.

#### 2 Revenue

Revenue comprises:

	year to 31/3/97 £'000	15 months to 31/3/96 £'000
Underwriting fees	842	1,147
Other income	82	14
	<u>924</u>	<u>1,161</u>

All turnover arises from business conducted in the United Kingdom.

# MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED

## Notes to the Accounts at 31 March 1997 (continued)

### 3 Interest payable and similar charges

	year to 31/3/97 £'000	15 months to 31/3/96 £'000
To group companies	-	10
Other interest	7	-
	<u>7</u>	<u>10</u>

### 4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	year to 31/3/97 £'000	15 months to 31/3/96 £'000
Depreciation on fixed assets	2	2
Auditors' remuneration for audit services	8	10

### 5 Directors' emoluments

The directors were paid in respect of their services to the Murray Lawrence Group as a whole and their remuneration is paid by other group companies and disclosed in the accounts of Murray Lawrence Members Agency Limited.

### 6 Directors' interests

The following directors, who were not also directors of Murray Lawrence Holdings Limited throughout the entire period, beneficially held shares and share options in Murray Lawrence Holdings Limited as follows:

	Number of shares "A" Ordinary shares of 1p each		Number of share options "A" Ordinary shares of 1p each	
	At 31.3.97	At 31.3.96	At 31.3.97	At 31.3.96
Mrs FMT Bennett	1,500	1,500	-	-
TR Bruce	2,500	2,500	-	-
Mrs MG Calver	1,205	205	-	1,000 (2)
Ms SJ Coryn	155	155	2,000	2,000 (2)
JD Denoon Duncan	1,040	1,005	-	-
SJ Drake	108 (1)	105	- (1)	2,250 (2)
Sir Ewen Fergusson	-	-	-	-
Mr JDC Smiley	-	-	-	-
AJ Smithson	10,735	10,500	-	-
DE Stafford	150	150	2,000	2,000 (2)

(1) At date of resignation

(2) Options for "B" Ordinary shares held at 31.3.96 were replaced by options for "A" Ordinary shares during the year.

The interests of PN Archard who was also a director of Murray Lawrence Holdings Limited are disclosed in the accounts of that company.

The share options were granted on 27 March 1994 and are exercisable at a price of £5.30 in the period 27 March 1997 to 26 March 2004.

Mr SJ Drake's options lapsed at the date of his resignation.

Mrs MG Calver exercised her options on 27 March 1997.

**MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED**

**Notes to the Accounts at 31 March 1997 (continued)**

**7 Employee information**

The company has no employees but carries out its activities through the employees of another group company. The company has no employee costs but pays a management charge based on the work undertaken on its behalf.

**8 Tax on loss on ordinary activities**

The credit for taxation is based on the adjusted loss for the year and comprises group relief charged at the rate of 33% (1996 - 33%).

**9 Tangible fixed assets**

	Computer & office equipment £'000
<b>COST</b>	
At 1 April 1996	6
Additions	-
Disposals	-
At 31 March 1997	6
<b>DEPRECIATION</b>	
At 1 April 1996	2
On disposals	-
Charged in the period	2
At 31 March 1997	4
<b>NET BOOK VALUE</b>	
At 31 March 1997	2
At 31 March 1996	4

**10 Debtors**

	31/3/97 £'000	31/3/96 £'000
Parent company and fellow subsidiaries	350	382
Lloyd's Names	40	-
Prepayments and accrued income	338	202
	<u>728</u>	<u>584</u>

**11 Creditors**

	31/3/97 £'000	31/3/96 £'000
Amounts falling due within one year:		
Fellow subsidiary companies	1,288	723
Bank overdraft	40	64
	<u>1,328</u>	<u>787</u>

**MURRAY LAWRENCE (UNDERWRITING AGENTS) LIMITED****Notes to the Accounts at 31 March 1997 (continued)****12 Called up share capital**

	31/3/97 £'000	31/3/96 £'000
Authorised	400	250
Issued and fully paid		
325,000 ordinary shares of £1 each	325	250

On 18th December 1996, the authorised share capital of the company was increased by an additional 150,000 share of £1 each, of which 75,000 shares were issued.

**13 Profit and loss account**

	£'000
At 1 April 1996	(375)
Loss for the period	(470)
At 31 March 1997	(845)

**14 Reconciliation of movement in shareholders' funds**

	year to 31/3/97 £'000	15 months to 31/3/96 £'000
Retained loss on ordinary activities after taxation	(470)	(375)
Issue of share capital	75	-
Shareholders' funds at 1 April 1996	(125)	250
Shareholders' funds at 31 March 1997	(520)	(125)

**15 Capital expenditure**

There was no capital expenditure either authorised by the directors and not contracted for or contracted for but not provided in the accounts.

**16 Acquisitions**

The company acquired the business and assets of Gardner Mountain & Capel-Cure Agencies Limited ("GMC-C") on 19th December 1994, and assumed responsibility for the affairs of GMC-C's Names with effect from 1st January 1995. The consideration for the acquisition of the tangible assets was £6,300 and the value of the goodwill of the business is dependent on the future profit commissions receivable in respect of the 1995, 1996 and 1997 underwriting accounts of the acquired business, which are not at present quantifiable. Any profit commissions receivable in respect of the acquired business will adequately cover any liability due to the vendor under the terms of the agreement. There have been no further acquisitions.

**17 Litigation**

In connection with the Lloyd's Settlement Offer there is no litigation relating to this company as it only commenced business as a Lloyd's Members' Agency on 1st January 1995. The position remains the same for post 1993 years.

**18 Holding company**

The company's ultimate holding company is Murray Lawrence Holdings Limited which is incorporated in Great Britain and registered in England and Wales. Copies of the holding company's accounts may be obtained from the registered office at One Whittington Avenue, London, EC3V 1LE.