

BOWRING SERVICES LIMITED

Report and Financial Statements

31 December 1996

**Deloitte & Touche
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR**

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REPORT AND FINANCIAL STATEMENTS 1996

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DIRECTORS' REPORT

For the Year ended 31 December 1996

Directors: B T Marsh
 C M R Pearson
 D B Wheeler
 L P Rose (appointed 28 February 1997)
 P D Bognon (appointed 28 February 1997)

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 1996.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was as the holder of the Bowring Group's property assets. The company has also acted as the Group Treasury Management company.

It is anticipated that the development of the business of the company will continue upon existing lines.

DIRECTORS

The present directors of the company are as shown above. Other directors who served during the year were as follows:

J R Fryer (Retired 31 May 1996)
P L Wroughton (Retired 30 June 1996)
J J Reed (Resigned 28 February 1997)
M Rosen (Resigned 28 February 1997)
G D Thomas (Resigned 28 February 1997)

DIRECTORS' SHAREHOLDINGS

The Ultimate Parent Company is Marsh & McLennan Companies, Inc. and, consequently, the directors are exempt from the requirements to notify the company of interests in shares since the ultimate parent company is a body corporate incorporated outside the United Kingdom. There are no other interests requiring disclosure.

DIVIDENDS AND TRANSFERS TO RESERVES

The company reports a profit for the financial year of £401,000 (1995 - £153,000 loss) which has been added to reserves.

The directors do not recommend the payment of a dividend.

ELECTIVE RESOLUTIONS

In accordance with Section 379A of the Companies Act 1985 the company has elected to dispense with the laying of accounts and reports before the company in General Meeting, the holding of Annual General Meetings and the obligation to appoint auditors annually.

DIRECTORS' REPORT

For the Year ended 31 December 1996 (continued)

AUDITORS

Deloitte & Touche will continue as auditors of the company.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in dark ink, appearing to read 'T E Foster', written in a cursive style.

T E Foster

Secretary

12th June 1997

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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed;
- 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 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.



Chartered Accountants

Deloitte & Touche
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

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AUDITORS' REPORT TO THE MEMBERS OF

BOWRING SERVICES LIMITED

We have audited the financial statements on pages 5 to 21 which have been prepared under the accounting policies set out on pages 8 to 10.

Respective responsibilities of directors and auditors

As described on page 3 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 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 as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Chartered Accountants and
Registered Auditors

Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

12 June 1997

**Deloitte Touche
Tohmatsu
International**

Aberdeen, Bath, Belfast, Birmingham, Bournemouth, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Dartford, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, St Albans and Southampton.

Principal place of business at which a list of partners' names is available:
Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

BOWRING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT For the Year ended 31 December 1996

	Note	1996 £'000	1995 £'000
TURNOVER			
Continuing activities	2	19,941	59,398
Administrative expenses	3	<u>(18,605)</u>	<u>(59,326)</u>
OPERATING PROFIT			
Continuing activities		1,336	72
Income from shares in group undertaking		-	1,100
Other income	4	648	451
Interest payable and similar charges	5	<u>(840)</u>	<u>(283)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,144	1,340
Tax on profit on ordinary activities	9	<u>(743)</u>	<u>(311)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		401	1,029
Dividends paid		<u>-</u>	<u>(1,182)</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>401</u>	<u>(153)</u>
STATEMENT OF RETAINED PROFITS			
Balance brought forward		8,321	7,993
Retained profit/ (loss) for the year		401	(153)
Transfer from revaluation reserve	19	<u>481</u>	<u>481</u>
Retained profit at 31 December		<u>9,203</u>	<u>8,321</u>

There are no recognised gains or losses nor movements in shareholders' funds in the current or preceding financial years other than those disclosed in the profit and loss account.

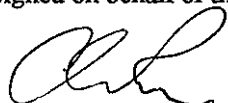
BOWRING SERVICES LIMITED

BALANCE SHEET 31 December 1996

	Note	1996 £'000	1995 £'000
FIXED ASSETS			
Tangible assets	10	30,783	36,954
Investments	11	12,383	13,981
		<u>43,166</u>	<u>50,935</u>
CURRENT ASSETS			
Debtors : Amounts falling due after more than one year	12	72,435	54,255
Debtors : Amounts falling due within one year	13	14,383	14,275
Investments	15	20	20
Cash at bank and in hand		31,175	27,465
		<u>118,013</u>	<u>96,015</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	<u>(76,808)</u>	<u>(62,537)</u>
NET CURRENT ASSETS		<u>41,205</u>	<u>33,478</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		84,371	84,413
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(2,500)	(2,563)
PROVISIONS FOR LIABILITIES AND CHARGES	18	<u>(168)</u>	<u>(548)</u>
		<u>81,703</u>	<u>81,302</u>
CAPITAL AND RESERVES			
Called up share capital	19	56,626	56,626
Profit and loss account		9,203	8,321
Revaluation reserve	20	15,874	16,355
EQUITY SHAREHOLDERS' FUNDS		<u>81,703</u>	<u>81,302</u>

These financial statements were approved by the Board of Directors on 12th June 1997.

Signed on behalf of the Board of Directors



C M R Pearson
Director

BOWRING SERVICES LIMITED**NOTE OF HISTORICAL COST PROFITS AND LOSSES**
For the Year ended 31 December 1996

	1996	1995
	£'000	£'000
Profit on ordinary activities before taxation	1,144	1,340
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>481</u>	<u>481</u>
Historical cost profit on ordinary activities before taxation	<u><u>1,625</u></u>	<u><u>1,821</u></u>
Historical cost profit for the year retained after taxation and dividends	<u><u>882</u></u>	<u><u>328</u></u>

NOTES TO THE ACCOUNTS**For the year ended 31 December 1996****1. ACCOUNTING POLICIES****Basis of preparation of accounts**

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Group financial statements are not prepared since the company is itself a wholly owned subsidiary of a company incorporated in Great Britain. The company has therefore taken advantage of the exemption provided under section 228 of the Companies Act 1985. The financial statements present information about the company as an individual undertaking and not about its group.

Accounting convention

The financial statements are prepared under the historical cost convention, except for certain freehold and long leasehold properties which have been revalued.

Investment income

Investment income is accrued on a day to day basis. Dividends are credited when received.

During the year the company operated a central investment facility on behalf of its fellow subsidiaries whereby the Bowring Group's corporate funds, held with the same banker, have been pooled and invested on their behalf by the company. The investments have been financed within the company by means of an overdraft facility provided by the bank which it has offset on a day to day basis, in the determination of any interest charges, against the Bowring Group's corporate funds held at the bank. The interest earned on the investments has been allocated to each participating group company on the basis of its average daily funds held within the pool. The amount attributable to the company under this arrangement is included within investment income in note 4.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation. The cost or revalued amount of fixed assets is depreciated on a straight line basis over the expected useful lives of the assets concerned. Depreciation rates vary but are mainly:

Freehold buildings	3.3% pa
Leasehold land and buildings	2% pa (or over the life of the lease if shorter)
Furniture and equipment	10% - 33.3% pa
Motor vehicles	20% pa
Computer software	20% pa

Investments

Fixed asset investments are stated at cost less provisions for permanent diminution in value if applicable. Current asset investments are stated at the lower of cost and market value.

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred taxation assets and liabilities are recognised at the rate of tax at which it is anticipated timing differences will reverse to the extent that it is considered that such reversal is likely in the foreseeable future.

Foreign currencies

Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date or at realisable rates where covered by forward exchange contracts. Revenues and costs arising from transactions denominated in foreign currencies are translated into sterling at rates which approximate to the rates ruling when the transactions occur.

All gains and losses arising from foreign exchange transactions are dealt with in the profit and loss account.

Group pension commitments

The company subscribes to the Bowring Group Staff Pension and Assurance Fund which operates as a defined benefit scheme with the objective of providing benefits, usually based on salaries at or near retirement. The scheme is funded by contributions from both employees and the company at rates recommended and regularly reviewed by William M. Mercer Limited, a firm of actuaries which is a fellow subsidiary of Marsh & McLennan Companies, Inc. The latest actuarial valuation at 31 December 1995 disclosed a surplus of assets held by the scheme over the current value of accrued benefits on both a discontinuance and final salary funding basis using the Projected Unit Method. In accordance with the actuaries' recommendation this surplus is being applied by a reduction in the rate of both employee and employer contributions.

The pension costs included in the company's accounts have been calculated to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of expected future pensionable payroll. (See note 8 to these financial statements).

Revaluation reserve

Surpluses arising on the revaluation of tangible fixed assets and investments are credited to the revaluation reserve, which is non-distributable.

Where depreciation charges are increased following a revaluation, an amount equal to such increase is transferred annually from this reserve to the profit and loss account. On disposal of a revalued fixed asset any remaining revaluation surplus corresponding to the item is also transferred to the profit and loss account.

Cash flow statement

The company has adopted Financial Reporting Standard 1 (revised), and in accordance with the provisions contained therein, no cash flow statement has been prepared.

Leases

Assets held under finance leases are capitalised at their fair market value at the inception of the lease. Finance charges are allocated to accounting periods over the lease term so as to produce an approximation

NOTES TO THE ACCOUNTS
For the year ended 31 December 1996

1. ACCOUNTING POLICIES (continued)

Leases (continued)

to a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

Rental expenditure relating to operating leases is charged to the profit and loss account in equal annual amounts over the lease term incurred. Future net commitments under operating leases are disclosed in note 22.

2. TURNOVER

Turnover comprises service charges from group companies. All turnover arises in the United Kingdom.

3. ADMINISTRATIVE EXPENSES

	1996 £'000	1995 £'000
Administrative expenses include the following:		
Employee costs (including directors)		
Aggregate gross salaries and wages	1,338	13,702
Employers' national insurance contributions	111	1,195
Employers' pension contributions under group pension scheme	-	774
	<u>1,449</u>	<u>15,671</u>
 Depreciation of tangible fixed assets	 <u>1,349</u>	 <u>3,619</u>
 Auditors' remuneration	 -	 46
Rental costs in respect of land and buildings	6,441	6,124
Operating lease rentals for machinery and equipment	-	(228)
	<u><u> </u></u>	<u><u> </u></u>

BOWRING SERVICES LIMITED

NOTES TO THE ACCOUNTS For the year ended 31 December 1996

4. OTHER INCOME

Other income comprises:

	1996 £'000	1995 £'000
Investment income		
Income from fixed asset investments:		
- Unlisted	1	2
Interest received from group companies	2,463	-
Loss on foreign exchange	(2,417)	(74)
Rental income	601	523
	<u>648</u>	<u>451</u>
The total investment income earned during the year on investments held by the company in its capacity as a central investment facility for the Bowring Group amounted to	<u>1,186</u>	<u>1,509</u>

5. INTEREST PAYABLE

	1996 £'000	1995 £'000
Interest payable comprises:		
Within five years		
- Group undertakings	239	10
- Other	420	92
	<u>659</u>	<u>102</u>
On or after five years	<u>181</u>	<u>181</u>
Total interest payable	<u>840</u>	<u>283</u>

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

6. EMPLOYEE INFORMATION

All contracts of employment and the remuneration of certain employees are maintained and paid by a fellow subsidiary CTB Services Limited. The company is charged and bears the cost for the remuneration and other associated benefits paid on its behalf.

Further information regarding employee involvement is given in the directors' reports of The Bowring Group Limited and CTB Services Limited.

Employee information contained in these accounts relates to those employees for whom reimbursement is made and whose services are provided exclusively for the company.

The average weekly number of persons, including directors, employed by the company during the year is analysed as follows:

	1996	1995
	Number	Number
Administration	9	387
Property division	45	50
Information systems	-	36
Communications	-	30
	<u>54</u>	<u>503</u>

7. DIRECTORS

	1996	1995
	£	£
Directors' emoluments (including pension contributions)		
For management services	<u>-</u>	<u>591,775</u>
Details of the emoluments of directors of the company, excluding pension contributions, are as follows:		
Emoluments of chairman	<u>-</u>	<u>-</u>
Emoluments of the highest paid director	<u>-</u>	<u>173,336</u>
Payments to directors on retirement	<u>-</u>	<u>30,000</u>

NOTES TO THE ACCOUNTS
For the year ended 31 December 1996

7. DIRECTORS (continued)

The table which follows shows the number of directors whose emoluments were within the bands stated:

	1996	1995
	Number	Number
£ 0 - £ 5,000	8	1
£ 5,001 - £ 10,000	-	2
£ 35,001 - £ 40,000	-	1
£ 60,001 - £ 65,000	-	2
£ 70,001 - £ 75,000	-	2
£ 95,001 - £ 100,000	-	1
£ 170,001 - £ 175,000	-	1
	<hr/>	<hr/>
	8	10
	<hr/>	<hr/>

Certain directors are also directors of fellow group undertakings. It is not practicable to allocate their emoluments between their services as directors of the company and their services as directors of the fellow group undertakings. Consequently their emoluments are shown in the company where their main area of responsibility lies.

8. PENSION COMMITMENTS

In accordance with the latest actuarial valuation, the pension costs included in the company's financial statements have been calculated so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

The pension charge to the profit and loss account in the year was £nil (1995 - £774,000).

No contributions have been made to The Bowring Fund in the year (1995 - £nil). An accrual of £52,000 (1995 - £52,000) is included in creditors which represents the shortfall of company contributions paid compared to the pension cost charged to the profit and loss account.

Additional information relating to The Bowring Fund is included in the group financial statements of The Bowring Group Limited.

BOWRING SERVICES LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £'000	1995 £'000
The taxation charge based on the profit for the year comprises:		
United Kingdom corporation tax at 33% (1995 - 33%)	(159)	(642)
Deferred taxation	(571)	234
	<u>(730)</u>	<u>(408)</u>
Adjustments in respect of previous years		
Corporation taxation	(13)	89
Deferred taxation	-	8
	<u>(743)</u>	<u>(311)</u>

There is a disproportionately high tax charge on the profit on ordinary activities before taxation due to a high level of disallowable expenditure in the profit and loss account and the non-recognition of some deferred tax assets previously recognised.

10. TANGIBLE FIXED ASSETS

	Freehold property £'000	Short leasehold £'000	Long leasehold £'000	Furniture and equipment £'000	Motor vehicles £'000	Software £'000	Total £'000
Cost or valuation							
At 1 January 1996	2,791	1,103	41,350	33,917	1,709	77	80,947
Additions - External	-	-	-	196	-	1	197
Disposals - Group	-	-	-	(23,297)	(1,709)	(77)	(25,083)
- External	-	-	-	(2,524)	-	-	(2,524)
	<u>2,791</u>	<u>1,103</u>	<u>41,350</u>	<u>8,292</u>	<u>-</u>	<u>1</u>	<u>53,537</u>
At 31 December 1996	2,791	1,103	41,350	8,292	-	1	53,537
Depreciation							
At 1 January 1996	1,037	931	12,604	28,587	831	3	43,993
Disposals - Group	-	-	-	(19,264)	(831)	(3)	(20,098)
- External	-	-	-	(2,490)	-	-	(2,490)
Charge for year	62	18	833	436	-	-	1,349
	<u>1,099</u>	<u>949</u>	<u>13,437</u>	<u>7,269</u>	<u>-</u>	<u>-</u>	<u>22,754</u>
At 31 December 1996	1,099	949	13,437	7,269	-	-	22,754
Net book value							
At 31 December 1996	1,692	154	27,913	1,023	-	1	30,783
At 31 December 1995	1,754	172	28,746	5,330	878	74	36,954

Assets purchased under finance leases have been fully depreciated.

BOWRING SERVICES LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

10. TANGIBLE FIXED ASSETS (continued)

Machinery and equipment and motor vehicles are included at cost. Freehold and leasehold properties are included at their professional valuation by a Chartered Surveyor at June 1980, with additions at cost as shown below:

	Freehold £'000	Long leasehold £'000
At valuation	1,877	39,065
At cost	914	2,285
	<hr/>	<hr/>
Cost or valuation at 31 December 1996	2,791	41,350
	<hr/>	<hr/>

The historical cost and related depreciation of those properties which were revalued are set out below:

	Freehold £'000	Long leasehold £'000
Cost		
At 1 January 1996 and 31 December 1996	1,122	17,473
	<hr/>	<hr/>
Depreciation		
At 1 January 1996	456	6,423
Charge for year	29	320
	<hr/>	<hr/>
At 31 December 1996	485	6,743
	<hr/>	<hr/>
Historical Cost Net Book Value		
At 31 December 1996	637	10,730
	<hr/>	<hr/>
At 31 December 1995	666	11,050
	<hr/>	<hr/>

BOWRING SERVICES LIMITED

NOTES TO THE ACCOUNTS For the year ended 31 December 1996

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000	Total £'000
At 1 January 1996	13,981	13,981
Disposals	(1,598)	(1,598)
31 December 1996	<u>12,383</u>	<u>12,383</u>

a) Shares in subsidiaries

Details of the subsidiaries included above are set out below:

Name	Country of Registration	Activity	% Equity shares held
C.T. Bowring (Insurance) Holdings Limited	England and Wales	Holding company	100
C.T. Bowring Trading (Holdings) Limited	England and Wales	Holding company	100
C.T. Bowring (Underwriting Agencies) Limited	England and Wales	Dormant	100
Bowring in the Community Limited	England and Wales	Dormant	100

In the opinion of the directors the aggregate value of investments in the company's subsidiaries is not less than the amounts at which they are included in the balance sheet.

12. DEBTORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1996 £'000	1995 £'000
Amounts owed by fellow subsidiary undertakings	72,435	54,222
Other debtors	-	33
	<u>72,435</u>	<u>54,255</u>

Amounts due after more than one year from group undertakings represent interest bearing loans, the terms of which stipulate a minimum period of notice for repayment in excess of three years. At 31 December 1996 no such notice had been given.

BOWRING SERVICES LIMITED

NOTES TO THE ACCOUNTS For the year ended 31 December 1996

13. DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £'000	1995 £'000
Amounts owed by parent and fellow subsidiary undertakings	12,893	8,232
Other debtors	(88)	2,254
Deferred taxation (see note 14)	528	1,748
Prepayments and accrued income	1,050	2,041
	<u>14,383</u>	<u>14,275</u>

14. DEFERRED TAXATION

	1996 £'000
Movements on the deferred taxation account were as follows:	
Balance at 1 January	1,748
Charged to profit and loss account	(571)
Inter Group transfer	(649)
	<u>528</u>
Balance at 31 December	<u>528</u>

The amount of deferred tax asset in the financial statements represents partial recognition as set out below:

	Full potential liability		Amount provided	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Pension credit	17	17	-	-
Accelerated depreciation	394	563	394	563
Provisions and accruals	56	831	56	831
Short term timing differences	55	320	55	320
Other	23	34	23	34
	<u>545</u>	<u>1,765</u>	<u>528</u>	<u>1,748</u>

BOWRING SERVICES LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

15. CURRENT ASSET INVESTMENTS

	1996	1995
	£'000	£'000
Unlisted investments at cost	20	20

In the opinion of the directors the market value of the unlisted investments is not materially different from the value at which they appear in the balance sheet.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996	1995
	£'000	£'000
Bank overdraft	37,566	31,749
Amounts owed to group undertakings		
- Subsidiaries	16,064	15,576
- Fellow subsidiary undertakings	288	4,857
- Affiliates	-	380
Other creditors		
- UK corporation tax	363	649
- Social security and PAYE	1	2,368
- Other	21,987	1,860
Obligations under finance leases	-	61
Accruals and deferred income	539	5,037
	<u>76,808</u>	<u>62,537</u>

Included in accruals and deferred income is an accrual of £52,000 (1995 - £52,000) which represents the company's provision for deficit of the amount funded over the accumulated pension costs (see note 8).

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

	1996	1995
	£'000	£'000
Loan at a variable interest rate of 1% over the base lending rate repayable 2000	-	63
Loan secured by mortgage on long leasehold property at an interest rate of 7.25% per annum repayable 1999	2,500	2,500
	<u>2,500</u>	<u>2,563</u>

18. PROVISIONS FOR LIABILITIES AND CHARGES

	1996	1995
	£'000	£'000
Comprise:		
Provisions for property expenditure	168	548

BOWRING SERVICES LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

19. SHARE CAPITAL

	1996 £'000	1995 £'000
Authorised		
93,600,000 ordinary shares of £1 each	93,600	93,600
	<u>93,600</u>	<u>93,600</u>
Called up, allotted and fully paid		
56,626,228 ordinary shares of £1 each	56,626	56,626
	<u>56,626</u>	<u>56,626</u>

The holders of ordinary shares are entitled to participate in all profits which may be resolved to be distributed. The holders of ordinary shares each have one vote for every ordinary share held.

20. REVALUATION RESERVE

	1996 £'000
Balance at 1 January	16,355
Transfer to profit and loss account	<u>(481)</u>
Balance at 31 December	<u>15,874</u>

The transfer to profit and loss account represents the difference between the historical cost depreciation charge and the actual charge for the year calculated on the revalued amount.

21. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption under Financial Reporting Standard 8 not to disclose transactions between entities, 90% or more of whose voting rights are controlled within the Marsh & McLennan Companies, Inc. Group.

NOTES TO THE ACCOUNTS
For the year ended 31 December 1996

22. CAPITAL COMMITMENTS

The company has commitments for expenditure not provided for within these accounts as follows:

Operating Lease	1996 Plant and machinery £'000	1996 Land and buildings £'000	1995 Plant and machinery £'000	1995 Land and buildings £'000
Minimum annual rentals payable which expire:				
Within one year	17	52	17	7
Within two to five years	30	1,020	43	1,079
After five years	-	5,338	-	5,002
	<u>47</u>	<u>6,410</u>	<u>60</u>	<u>6,088</u>

Capital expenditure approved by the directors:

	1996 £'000	1995 £'000
Contracted for	<u>186</u>	<u>-</u>

23. CONTINGENT LIABILITIES

- i) Guarantees have been given by the company to third parties in respect of mortgages granted, from time to time, to Bowring group staff.
- ii) The company has indemnified a bank in respect of guarantees for an aggregate amount of £312,467 (1995 - £392,250) given by the bank to provide the required deposit for Membership of Lloyd's in respect of 13 group employees. No such employee was a director of the company at 31 December 1996.
- iii) A guarantee has been given to Barclays Bank PLC in connection with the composite banking agreement, whereby Bowring Services Limited guarantees the overdrafts of C.T. Bowring & Co. (Insurance) Limited, Carpenter Bowring (UK) Limited, Bowring Marsh & McLennan Limited, Bowring Financial Services Limited, C.T. Bowring & Co. Limited, C.T.B. Services Limited and The Bowring Group Limited.

NOTES TO THE ACCOUNTS
For the year ended 31 December 1996

24. ULTIMATE PARENT COMPANY

The largest group in which the results of Bowring Services Limited and its subsidiary undertakings are consolidated is that headed by Marsh & McLennan Companies, Inc., incorporated in the USA which is also the ultimate parent company. The smallest group in which they are consolidated is that headed by The Bowring Group Limited registered in England and Wales. The consolidated accounts of The Bowring Group Limited and of Marsh & McLennan Companies, Inc., are available to the public and may be obtained from:

The Registrar of Companies
Companies House
3 Crown Way
Maindy
Cardiff CF4 3UZ

and also from:
The Company Secretary
The Bowring Group Limited
P.O. Box 145
Tower Place
London EC3P 3BE