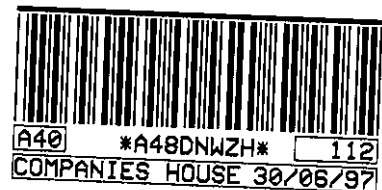


# **Guardian Direct Limited**

**DIRECTORS' REPORT AND ACCOUNTS**  
FOR THE YEAR ENDED 31 DECEMBER 1996



# **Guardian Direct Limited**

## **REPORT OF THE DIRECTORS**

for the year ended 31 December 1996

### **DIRECTORS**

J Sinclair, F.I.A. (Chairman)

R F Pierce, B.A., M.I.M.C., M.Tech. (Managing Director)

P W Mason, B.Sc., A.R.C.S., F.I.A.

M H Tripp, B.Sc., F.I.A., A.R.C.S.

SECRETARY            J R W Clayton, M.A.

AUDITORS            Price Waterhouse

The directors present their report and the accounts of the Company for the year ended 31 December 1996.

### **CAPITAL**

On 27 September 1996 the authorised share capital of the Company was increased to £52,000,000 by the creation of 900,000 additional ordinary shares of £10 each.

### **REVIEW OF ACTIVITIES**

The Company writes motor and household personal insurance, handling enquiries direct from clients by telephone without any intermediary being involved.

The year end financial position was satisfactory and the Directors expect that this position will be sustained for the foreseeable future.

### **PAYMENT TO SUPPLIERS**

The policy on payment to suppliers is to apply normal credit terms unless alternative arrangements have been mutually agreed.

### **PROFIT AND LOSS ACCOUNT AND RESERVES**

The profit and loss account, statement of total recognised gains and losses and reconciliation of movements in shareholders' funds are set out on pages 6 to 10.

The movement on reserves is set out in note 15 on page 20.

# **Guardian Direct Limited**

## **EMPLOYEES**

In selection for employment, subsequent promotional opportunities and all other employment matters, the Company maintained its commitment to its Equal Opportunities policy.

Particular attention is given to applications for employment from people with disabilities, to ensure full account is taken of their aptitudes and abilities.

Whenever possible, an employee who becomes disabled during the course of employment has the opportunity to continue a career within the Company with appropriate retraining and all steps are taken to minimise the difficulties encountered. The Company is a member of the Employers' Forum on Disability. The Company has implemented the requirements of the Disability Discrimination Act.

Reflecting its two-way communications the Company has kept employees informed of its performance and development including the financial and economic factors which influence these matters.

The employee appraisal system is monitored to ensure all employees receive continuing formal and informal feedback on their performance. Training is provided to enable all employees to fulfil their potential, and self-development is strongly encouraged and supported.

## **DIRECTORS**

The names of the directors of the Company at the date of this report appear above.

Mr P W Mason was appointed a director of the Company with effect from 27 September 1996. Mr M H Tripp was appointed a director of the Company with effect from 30 September 1996. Mr W J Wedlake resigned from the Board of Directors on 30 September 1996. Mr A Thompson resigned from the Board of Directors on 31 January 1997.

As permitted by the Companies Act 1985, insurance was effected during the year on behalf of the directors and secretary in respect of liabilities arising in the course of their duties.

## **DIRECTORS' INTERESTS**

According to the register kept under Section 325 of the Companies Act 1985, the interests of directors in the share capital and debentures of the ultimate parent company, Guardian Royal Exchange plc, and its subsidiary undertakings at 1 January 1996 (or date of appointment, if later) and 31 December 1996 are as set out below

# Guardian Direct Limited

## DIRECTORS' INTERESTS (Cont'd...)

### Ordinary shares held in Guardian Royal Exchange plc

	<u>At 1 January 1996</u>	<u>At 31 December 1996</u>
P W Mason (appointed 27.9.96)	6,711	6,711
R F Pierce	Nil	Nil
A Thompson (resigned 31.1.97)	58,958	54,999
M H Tripp (appointed 30.9.96)	30,748	30,707

	<u>At 1 January 1996 options to subscribe for ordinary shares</u>	<u>During year</u>		<u>At 31 December 1996 options to subscribe for ordinary shares</u>
		<u>options granted</u>	<u>options exercised</u>	
P W Mason	64,000	Nil	Nil	64,000
R F Pierce	16,000	9,653	Nil	25,653
A Thompson	70,500	Nil	Nil	70,500
M H Tripp	10,501	Nil	Nil	10,501

The options outstanding at 31 December 1996 are exercisable at varying dates between 1997 and 2005 at prices between 100p and 222.5p.

At 1 January 1996 and 31 December 1996 shares provisionally allocated under The GRE Long Term Incentive Plan were as follows:

### Maximum Conditional Award

	<u>At 1 January 1996</u>	<u>At 31 December 1996</u>
P W Mason (appointed 27.9.96)	49,099	49,099
R F Pierce	70,505	70,505
A Thompson (resigned 31.1.97)	70,505	70,505
M H Tripp (appointed 30.9.96)	48,511	48,511

The vesting of any awards will be conditional on the Total Shareholder Return for the shareholders of Guardian Royal Exchange plc having reached levels of comparative performance in excess of that achieved by other comparator companies in relation to the four year period comprising financial years from 1 January 1995 to 31 December 1998, and will be exercisable at varying dates between 1999 and 2001.

# Guardian Direct Limited

## DIRECTORS' INTERESTS (Cont'd...)

Further details of The GRE Long Term Incentive Plan are disclosed in the report of the Remuneration Committee in the Report and Accounts of Guardian Royal Exchange plc for the year ended 31 December 1996.

As permitted by Statutory Instrument the register does not include the interests of the following director:-

J Sinclair                      -                      Reported by Guardian Royal Exchange plc

By order of the Board,



J R W CLAYTON  
Secretary

23 June 1997

## **Guardian Direct Limited**

### **DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

The Directors are responsible for ensuring that reasonable steps are taken to safeguard the Company's assets and to prevent and detect fraud and other irregularities.

The Directors are required to maintain proper accounting records and to prepare financial statements in respect of each accounting 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 accordance with the provisions of the Companies Act 1985 applicable to insurance companies.

In preparing these financial statements the Directors have ensured that applicable accounting standards have been followed and that suitable accounting policies have been used on a consistent basis. The Directors have also ensured that where necessary the accounts are supported by reasonable and prudent judgements and estimates.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the financial statements.

# **Guardian Direct Limited**

## **Auditors' Report to the Shareholders of Guardian Direct Limited**

We have audited the Financial Statements on pages 7 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 12 and 13.

### **Respective responsibilities of directors and auditors.**

As described on page 5, 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 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 loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Price Waterhouse  
Chartered Accountants and Registered Auditors

23 June 1997

Southwark Towers  
32 London Bridge Street  
London SE1 9SY

# Guardian Direct Limited

## Profit and Loss Account for the year ended 31 December 1996

General Business Technical Account	1996		1995	
	£'000	£'000	£'000	£'000
Earned premiums				
Gross written premiums - continuing operations	103,179		26,758	
Outward reinsurance premiums	(380)		(265)	
	<u>102,799</u>		<u>26,493</u>	
(Increase)/decrease in provision for unearned premiums				
- gross	(46,386)		(11,181)	
- reinsurers' share	(36)		36	
	<u>(46,422)</u>		<u>(11,145)</u>	
Net earned premiums		<u>56,377</u>		<u>15,348</u>
Allocated investment return		1,771		1,341
Claims incurred				
Claims paid - gross	33,541		8,449	
Increase/(decrease) in outstanding claims provision				
- gross	14,505		5,107	
- reinsurers' share	4		(4)	
	<u>14,509</u>		<u>5,103</u>	
Net claims incurred		(48,050)		(13,552)
Increase in other technical provisions net of reinsurers' share		(2,041)		(5,156)
Net operating expenses (note: 1c)		<u>(25,315)</u>		<u>(12,573)</u>
Balance transferred to non-technical account		<u>(17,258)</u>		<u>(14,592)</u>
Representing:				
Result from continuing operations		<u>(17,258)</u>		<u>(14,592)</u>



# Guardian Direct Limited

## Profit and Loss Account for the year ended 31 December 1996

	1996		1995	
	£'000	£'000	£'000	£'000
<b>Non Technical Account</b>				
<b>Balance transferred from general business technical account</b>		(17,258)		(14,592)
Income from other investments <i>(note: 2a)</i>	3,528		4,272	
Unrealised investment gains	--		1,177	
Investment expenses and charges <i>(note: 2b)</i>	(18)		(385)	
Unrealised investment losses	(1,254)		--	
Investment return allocated to general business	(1,771)		(1,341)	
<b>Corporate investment profit</b>		485		3,723
Other income		995		--
<b>Loss before taxation</b>		(15,778)		(10,869)
Taxation <i>(note: 4)</i>		4,837		4,017
<b>Loss after taxation</b>		(10,941)		(6,852)
Dividends		--		--
<b>Transfer from reserves <i>(note: 15)</i></b>		(10,941)		(6,852)

# Guardian Direct Limited

## Balance Sheet as at 31 December 1996

	1996		1995	
	£'000	£'000	£'000	£'000
<b>ASSETS</b>				
<b>Investments</b>				
Other investments ( <i>note: 6</i> )		52,709		37,133
<b>Reinsurers' share of technical provisions</b>				
Provision for unearned premiums	--		36	
Claims outstanding	--		4	
		--		40
<b>Debtors</b>				
Direct insurance operations ( <i>note: 7</i> )	20,963		5,908	
Other debtors	8,092		5,675	
		29,055		11,583
<b>Other assets</b>				
Tangible assets ( <i>note: 5</i> )	1,096		845	
Cash	27,684		47	
		28,780		892
<b>Prepayments and accrued income</b>				
Accrued interest and rent	1,989		1,489	
Deferred acquisition costs	14,179		6,661	
		16,168		8,150
<b>Total assets</b>		<b>126,712</b>		<b>57,798</b>

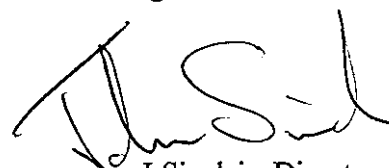
# Guardian Direct Limited

## Balance Sheet as at 31 December 1996

	1996		1995	
	£'000	£'000	£'000	£'000
<b>LIABILITIES AND RESERVES</b>				
<b>Capital and reserves</b>				
Called up share capital ( <i>note: 14</i> )	52,000		43,000	
Retained profits ( <i>note: 15</i> )	(27,298)		(16,357)	
<b>Equity shareholders' funds</b>	<u>          </u>	24,702	<u>          </u>	26,643
<b>Technical provisions</b>				
Provision for unearned premiums	62,012		15,626	
Claims outstanding	20,826		6,321	
Unexpired risks provision	7,197		5,156	
	<u>          </u>	90,035	<u>          </u>	27,103
<b>Provisions for other risks and charges (<i>note: 8</i>)</b>		--		196
<b>Creditors</b>				
Reinsurance operations				
- Other	--		25	
Other creditors ( <i>note: 9</i> )	11,975		3,831	
	<u>          </u>	11,975	<u>          </u>	3,856
<b>Total liabilities and reserves</b>		<u><u>126,712</u></u>		<u><u>57,798</u></u>

The accounts on pages 6 to 20 were approved by the directors and signed on  
23 June 1997.

London,

  
J Sinclair, Director

# Guardian Direct Limited

## Statement of Recognised Gains and Losses for the year ended 31 December 1996

	1996	1995
	£'000	£'000
Loss after taxation	(10,941)	(6,852)
<b>Total recognised losses</b>	<u>(10,941)</u>	<u>(6,852)</u>

## Reconciliation of Movements in Shareholders' Funds for the year ended 31 December 1996

	1996 £'000	1995 £'000
Loss for the financial year	(10,941)	(6,852)
Dividends	--	--
Profit and loss account transfer from reserves	<u>(10,941)</u>	<u>(6,852)</u>
Increase in share capital	9,000	--
	<u>(1,941)</u>	<u>(6,852)</u>
<b>Shareholders' funds at beginning of year</b>	26,643	33,495
<b>Shareholders' funds at end of year</b>	<u>24,702</u>	<u>26,643</u>

# Guardian Direct Limited

## Accounting Policies

### I Basis of accounting

- (a) The accounting policies adopted are in accordance with applicable United Kingdom accounting standards to the extent that they are appropriate to insurance companies and are in accordance with the Guidance Notes on accounting for insurance business issued by the Association of British Insurers.
- (b) The accounts are prepared in accordance with the requirements of the Companies Act 1985 as amended by the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993 ("the Regulations").

### II General business

#### *(a) Premiums*

Premiums are accounted for in the period in which the risk commences. Unearned premiums relating to risks in future periods of account are calculated on a daily pro-rata, or more conservative, basis.

#### *(b) Claims*

Provision is made for the estimated cost of claims outstanding at the end of the year, including those incurred but not reported at that date, and for the related costs of settlement. Claims incurred comprise amounts paid or provided in respect of claims occurring during the current year, together with the amount by which settlement or reassessment of claims from previous years differs from the provision at the beginning of the year.

#### *(c) Salvage and subrogation*

Estimated recoveries are included within debtors.

#### *(d) Deferred acquisition expenses*

Commission and other acquisition expenses relating to unearned premiums are deferred and charged in the accounting periods in which those premiums are earned.

#### *(e) Unexpired risks*

Provision is made for unexpired risks when, after taking account of investment income on insurance funds, it is anticipated that unearned premiums will be insufficient to meet the future claims and expenses of business in force at the end of the year. Classes of business which the directors consider are managed together are aggregated for this purpose.

#### *(f) Equalisation provision*

Equalisation reserves have been established in accordance with the requirements of the Insurance Companies (Reserves) Act 1995 to mitigate exceptionally high loss ratios for classes of business displaying a high degree of volatility.

# **Guardian Direct Limited**

## **Accounting Policies cont.....**

### **II General business cont...**

#### *(g) Underwriting results*

Underwriting results are recognised on an annual accounting basis.

#### *(h) Investment return*

An investment return is included in the general business technical account on a basis which reflects the allocation of the underlying investment portfolio between general insurance operations and shareholders' funds.

### **III Investments**

#### *(a) Investment income*

Investment income represents interest receivable for the year including, where appropriate, related imputed tax credits.

#### *(b) Realised and unrealised investment gains and losses*

Realised investment gains and losses are calculated by reference to the net sales proceeds and the original purchase cost. For presentational purposes, as required by the Regulations, net realised gains are included in investment income and net realised losses in investment expenses and charges.

#### *(c) Valuation*

Investments are stated at market values.

### **IV Foreign exchange**

Transactions denominated in foreign currencies are recorded at the rates ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange gains and losses are treated as part of the investment return in the profit and loss account.

### **V Taxation**

Provision is made for deferred taxation on unrealised gains and other timing differences where it is considered that a liability will arise in the foreseeable future.

### **VI Fixed assets and depreciation**

Major items of equipment are capitalised and depreciated over their expected useful lives after taking into account their anticipated residual value. All other items of equipment are written off in the year of purchase.

### **VII Staff pension costs**

The charge for pension cost principally represents the costs of providing pension benefits to staff in respect of their service during the year. Contributions to the defined benefits scheme are determined in accordance with actuarial advice.

# Guardian Direct Limited

## Notes on the Accounts

### 1 General insurance business

#### 1a Geographical analysis:

All business is derived from the United Kingdom.

#### 1b Class of business analysis

	Gross Written Premiums		Gross Earned Premiums		Gross Claims Incurred	
	1996	1995	1996	1995	1996	1995
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Direct insurance</b>						
Motor - third party liability	4,051	44	1,372	4	1,215	4
- other	88,173	20,884	47,093	12,386	39,579	10,972
Fire and other damage to property	10,955	5,830	8,328	3,187	7,252	2,580
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	103,179	26,758	56,793	15,577	48,046	13,556
	=====	=====	=====	=====	=====	=====

	Gross Operating Expenses		Reinsurance Balance	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
<b>Direct insurance</b>				
Motor - third party liability	961	--	(5)	--
- other	16,976	8,611	(205)	(44)
Fire and other damage to property	7,378	3,962	(210)	(181)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	25,315	12,573	(420)	(225)
	=====	=====	=====	=====

# Guardian Direct Limited

## Notes on the Accounts cont...

### 1 General insurance business cont...

#### 1c Analysis of net operating expenses

	1996	1995
	£'000	£'000
Acquisition costs	18,824	11,406
Increase in deferred acquisition costs	(7,518)	(6,661)
Administrative expenses	14,009	7,828
	<u>25,315</u>	<u>12,573</u>

### 2 Corporate investment

#### 2a Investment income

	1996	1995
	£'000	£'000
Income from other investments	3,766	4,146
Realised investment (losses)/gains	(500)	126
Bank deposit interest	262	--
	<u>3,528</u>	<u>4,272</u>

Investment income includes £3,766,000 (1995: £4,104,000) in respect of listed investments.

#### 2b Investment expenses and charges

	1996	1995
	£'000	£'000
Interest expense ( <i>note: 3</i> )	--	360
Investment management expenses	18	25
	<u>18</u>	<u>385</u>



# Guardian Direct Limited

## Notes on the Accounts cont...

### 3 Interest expense

	1996 £'000	1995 £'000
On loans repayable within 5 years otherwise than by instalment:		
Other loans	--	360
	<u>          </u>	<u>          </u>
	--	360
	<u>          </u>	<u>          </u>

### 4 Taxation

The taxation credited in the profit and loss account is based on the results appearing in the profit and loss account and is detailed below:

	1996 £'000	1995 £'000
Current taxation		
United Kingdom taxation:		
Corporation tax at a rate of 33% (1995: 33%)	4,641	3,963
	<u>          </u>	<u>          </u>
Deferred tax	196	54
	<u>          </u>	<u>          </u>
Taxation charged in profit and loss account	<u>4,837</u>	<u>4,017</u>

The balance sheet provision for deferred taxation represents:

	1996 £'000	1995 £'000
Timing differences	--	196
	<u>          </u>	<u>          </u>
	--	196
	<u>          </u>	<u>          </u>

Deferred taxation has been provided on unrealised gains where it is considered that a liability will arise in the foreseeable future, in accordance with accounting policy (v). If taxation had been charged on the full amount of unrealised gains, the additional provision required would have been £nil (1995: asset of £778,963).

# Guardian Direct Limited

## Notes on the Accounts cont...

### 5 Tangible assets

	Cost	Depreciation	Net Book Value
	£'000	£'000	£'000
At 1 January 1996	1,666	(821)	845
Purchases	951	--	951
Sales	(62)	30	(32)
Provision for depreciation	--	(668)	(668)
At 31 December 1996	<u>2,555</u>	<u>(1,459)</u>	<u>1,096</u>

Tangible assets consist principally of fixtures, fittings, equipment and motor vehicles. Depreciation is calculated on the basis of a useful life of four years for motor vehicles and three years for all other assets.

### 6 Investments

	1996	1995
	£'000	£'000
<b>Other financial investments</b>		
British government listed securities	52,709	37,133
<b>Total investments</b>	<u>52,709</u>	<u>37,133</u>

Investments are stated at current value. The cost price of investments held at 31 December 1996 was £55,294,000 (1995: £39,490,000)

### 7 Debts in respect of direct insurance operations

	1996	1995
	£'000	£'000
Due from policyholders	10,969	5,908
Amounts due from fellow subsidiary undertakings	9,994	--
	<u>20,963</u>	<u>5,908</u>

# Guardian Direct Limited

## Notes on the Accounts cont...

### 8 Analysis of provisions for other risks and charges

	1996 £'000	1995 £'000
Deferred taxation	--	196
	=====	=====

### 9 Other creditors

	1996 £'000	1995 £'000
Other creditors	5,870	1,893
Amount due to fellow subsidiary undertakings	6,105	1,938
	=====	=====
	11,975	3,831

### 10 Auditors' remuneration

The remuneration of the auditors amounted to £40,000 (1995: £36,000).

### 11 Capital expenditure commitments

At 31 December 1996 contracted capital commitments for which no provision had been made totalled £nil (1995: £438,500).

### 12 Staff Pension costs

The principal pension scheme within the Company is of the defined contribution type. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £334,000 (1995 £185,000). At 31 December 1996 there was an amount of £nil included within liabilities in respect of this scheme (1995: £24,000).

# Guardian Direct Limited

## Notes on the Accounts cont...

### 12. Staff Pension Costs (cont...)

The Company also provides pension arrangements for certain employees under a defined benefit pension scheme operated by the Group and particulars of the actuarial valuation can be found in the notes to the financial statements of Guardian Royal Exchange plc. The total pension cost attributable to this scheme for the year ended 31 December 1996 was £87,000 (1995: £86,000).

In addition to the above, the Company also contributes to a number of personal pension plans. Contributions payable under such arrangements during the year amounted to £37,000 (1995: £37,000). At 31 December 1996 there was an amount of £nil (1995: £11,000) included within liabilities in respect of these plans.

### 13. Lease Commitments

At 31 December 1996, the Company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 1996.

	<b>1996</b>	<b>1995</b>
	<b>Land &amp; Buildings £'000</b>	<b>Land &amp; Buildings £'000</b>
Operating leases which expire:		
After 5 years	217	217
	<u>217</u>	<u>217</u>

### 14 Share capital

	1996		1995	
	Authorised £'000	Paid-up £'000	Authorised £'000	Paid-up £'000
Authorised:				
5,200,000 ordinary shares of £10 each (1995 : 4,300,000)	52,000		43,000	
Issued:				
5,200,000 ordinary shares of £10 each fully paid (1995 : 4,300,000)		52,000		43,000
	<u>52,000</u>	<u>52,000</u>	<u>43,000</u>	<u>43,000</u>

900,000 shares of £10 each were issued at par during 1997 to finance the company's growth.

# Guardian Direct Limited

## Notes on the Accounts cont...

### 15 Reserves

	Retained Profits £'000
Balance at 1 January 1996	(16,357)
Transfer from profit and loss account	(10,941)
Balance at 31 December 1996	<u>(27,298)</u>

### 16 Contingent liabilities

With the approval of the Department of Trade and Industry, the Company, and certain of its fellow subsidiary undertakings have entered into a mutual guarantee whereby each company guarantees payment of all liabilities incurred by the others in respect of general insurance business.

### 17 Directors' Emoluments

Emoluments for the year of all Directors are set out below:

	1996 £'000	1995 £'000
In respect of services as Directors	236	196
Pension contributions	28	27
	<u>264</u>	<u>223</u>

Emoluments of the Chairman and highest paid Director, including pension contributions are:

	1996 £'000	1995 £'000
Chairman	24	23
Highest paid Director	<u>157</u>	<u>165</u>

# Guardian Direct Limited

## Notes on the Accounts cont...

### 17. Directors' Emoluments (cont...)

Emoluments of other Directors, excluding pension contributions, fall within the following bands:

	1996	1995
	<u>No</u>	<u>No</u>
£0-£5,000	1	1
£5,001-£10,000	2	1
£40,001-£45,000	1	0
	<u>4</u>	<u>2</u>

### 18 Staff Costs

Staff costs including Directors' emoluments are set out below:

	1996	1995
	<u>£'000</u>	<u>£'000</u>
Wages and salaries	4,712	2,985
Social security costs	429	277
Other pension costs	458	308
	<u>5,599</u>	<u>3,570</u>

### 19 Related parties

As the Company is a wholly owned subsidiary, it has taken advantage of the exemption granted under Financial Reporting Standard 8 (Related Party Disclosures) where subsidiary undertakings do not have to disclose transactions with Group companies qualifying as related parties provided that consolidated financial statements are publicly available.

### 20 Ultimate parent

The Directors regard Guardian Royal Exchange plc, registered in England, as being the ultimate parent company. Copies of Guardian Royal Exchange plc Group accounts can be obtained from the Royal Exchange London EC3V 3LS. No immediate parent company produces group accounts.