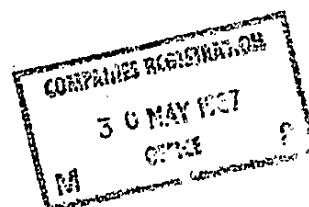


Accounts

JARDINE INSURANCE BROKERS LIMITED
(formerly Jardine Glanvill (UK)
Limited)
and subsidiary companies

31st December 1986



Spicer and Pegler
Chartered Accountants

COMPANY NUMBER 115332

Accounts

JARDINE INSURANCE BROKERS LIMITED
(formerly Jardine Glanvill (UK)
Limited)
and subsidiary companies

31st December 1986



Spicer and Pegler
Chartered Accountants

REPORT OF THE DIRECTORS

The directors submit their report and the audited accounts for the year ended 31st December 1986. The company is a subsidiary of Jardine Insurance Services Limited.

PRESENT DIRECTORS

R.R. Davies (chairman)
M.J. Wakeley (managing director)
W.S.D. Barnes
D.J. Cowley
P.J. Ford-Robinson
D.J. Goodreid
B.A. Kirby
N.J. Lee
T. Masters
J. O'Hanlon
C.M.L. Paine
B.N. Strong

PRINCIPAL ACTIVITIES

The company is a Lloyd's Insurance Broker and carries on the business of retail insurance broking in the U.K.

CHANGE OF NAME

The company changed its name from Jardine Glanvill (UK) Limited on 3rd November 1986.

GROUP PROFIT

The group profit for the year before taxation amounts to £1,435,625 compared with £1,129,494 for the previous year. Details are shown in the consolidated profit and loss account and it is proposed that the profit shall be dealt with as set out therein.

REVIEW OF THE BUSINESS

During the financial year the company continued to develop its mainstream activity of insurance broking. The emphasis remained on improving the quality of service provided to clients.

DIRECTORS

The directors who served during the year were

R.R. Davies (chairman)
M.J. Wakeley (managing director)
W.S.D. Barnes
D.J. Batchelor (resigned 18th April 1986)
D.J. Cowley (appointed 1st April 1986)
P.J. Ford-Robinson
D.J. Goodreid
B.A. Kirby (appointed 1st July 1986)
1300/1044-A7

REPORT OF THE DIRECTORS

DIRECTORS continued

N.J. Lee
T. Masters
J. O'Hanlon (appointed 29th April 1986)
C.M.L. Paine
J.L. Radclyffe (resigned 31st October 1986)
B.N. Strong
P.J. van de Pol (resigned 31st October 1986)

There being no provisions in the company's Articles of Association for the retirement of the directors by rotation, the present directors will continue in office.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Contributions during the year to UK charitable organisations amounted to £1,005 (1985 - £1,971). No political contributions were made.

DISABLED

The company has an established policy of encouraging the employment of disabled persons wherever this is practicable. In compliance with current legislation, the company seeks to employ at least the quota of disabled persons required. The company endeavours to ensure that disabled employees benefit from training and career development programmes in common with all employees.

AUDITORS

Spicer and Pegler, Chartered Accountants, have expressed their willingness to continue in office as auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

1-4 Queen Street Place
London, EC4

18th March 1987

By order of the board

Jardine Insurance Services Ltd

Secretaries



AUDITORS' REPORT TO THE MEMBERS OF JARDINE INSURANCE BROKERS LIMITED

We have audited the financial statements on pages 4 to 19 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give, so far as concerns the members of the company, a true and fair view of the state of affairs of the company and of the group at 31st December 1986 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.

Spicer and Pegler

London, EC3
18th March 1987

SPICER AND PEGLER
Chartered Accountants

JARDINE INSURANCE BROKERS LIMITED
and subsidiary companies
(formerly Jardine Glanvill (UK) Limited)
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31st December 1986

page 4

	Note	1986	1985
TURNOVER	1 & 2	13,924,262	11,724,241
Administrative expenses	(13,877,806)	(11,896,958)	
Other operating income	6 1,419,708	1,326,538	
		<u>(12,458,098)</u>	<u>(10,570,420)</u>
OPERATING PROFIT	3	1,466,164	1,153,821
Interest payable	7	(30,317)	(24,327)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,435,847</u>	<u>1,129,494</u>
Tax on profit on ordinary activities	8	(587,599)	(521,835)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>848,248</u>	<u>607,659</u>
Minority interests		(9)	70
PROFIT ATTRIBUTABLE TO THE MEMBERS OF JARDINE INSURANCE BROKERS LIMITED	9	<u>848,239</u>	<u>607,729</u>
Dividends	10	764,000	112,000
RETAINED PROFIT FOR THE YEAR		<u>£84,239</u>	<u>£495,729</u>
Parent company		48,002	474,071
Subsidiaries		36,237	21,658
		<u>£84,239</u>	<u>£495,729</u>

The notes on pages 8 to 19 form an integral part of these accounts.

1300/1044-A7

JARDINE INSURANCE BROKERS LIMITED
and subsidiary companies
(formerly Jardine Glanvill (UK) Limited)
CONSOLIDATED BALANCE SHEET
31st December 1986

page 5

	Note	1986	1985
FIXED ASSETS			
Tangible assets	11	600,362	728,107
Investments	12	12,382	15,252
		<u>612,744</u>	<u>743,359</u>
CURRENT ASSETS			
Debtors	13	14,406,578	11,464,040
Cash at bank and in hand	14	9,261,214	9,350,385
		<u>23,667,792</u>	<u>20,814,425</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
Trade creditors		18,927,982	16,539,631
Sundry creditors	15	2,259,210	2,211,124
Dividend payable		464,000	112,000
		<u>21,651,192</u>	<u>18,862,755</u>
NET CURRENT ASSETS		<u>2,016,000</u>	<u>1,951,670</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,629,344</u>	<u>2,695,029</u>
PROVISION FOR LIABILITIES AND CHARGES	16	(109,177)	(256,701)
		<u>£2,520,167</u>	<u>£2,438,328</u>
CAPITAL AND RESERVES			
Called up share capital	17	1,003,000	1,003,000
RESERVES			
Profit and loss account	18	1,516,604	1,432,365
		<u>2,519,604</u>	<u>2,435,365</u>
MINORITY INTERESTS		563	2,963
SHAREHOLDERS' FUNDS		<u>£2,520,167</u>	<u>£2,438,328</u>

APPROVED BY THE BOARD OF DIRECTORS

M.J. Wakeley

W.S.D. Barnes

18th March 1987

The notes on pages 8 to 19 form an integral part of these accounts.
1300/1044-A7

(formerly Jardine Glanvill (UK) Limited)

BALANCE SHEET

31st December 1986

FIXED ASSETS	Note	1986	1985
Tangible assets	11	580,890	698,748
Investments	12	19,897	23,787
		<u>600,787</u>	<u>722,535</u>
CURRENT ASSETS			
Debtors	13	14,336,431	11,626,144
Cash at bank and in hand	14	9,158,104	9,267,469
		<u>23,494,535</u>	<u>20,893,613</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank loans and overdrafts		-	250,290
Trade creditors		18,844,531	16,392,456
Sundry creditors	15	2,203,125	2,177,153
Dividend payable		464,000	112,000
		<u>21,511,656</u>	<u>18,931,899</u>
NET CURRENT ASSETS		<u>1,982,879</u>	<u>1,961,714</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,583,666</u>	<u>2,684,249</u>
PROVISION FOR LIABILITIES AND CHARGES	16	(108,116)	(256,701)
		<u>£2,475,550</u>	<u>£2,427,548</u>
CAPITAL AND RESERVES			
Called up share capital	17	1,003,000	1,003,000
RESERVES			
Profit and loss account	18	1,472,550	1,424,548
SHAREHOLDERS' FUNDS		<u>£2,475,550</u>	<u>£2,427,548</u>

APPROVED BY THE BOARD OF DIRECTORS

M.J. Wakeley

W.S.D. Barnes

18th March 1987

The notes on pages 8 to 19 form an integral part of these accounts.
1300/1044-A7

JARDINE INSURANCE BROKERS LIMITED
and subsidiary companies
(formerly Jardine Glanvill (UK) Limited)
CONSOLIDATED SOURCE AND APPLICATION OF FUNDS
for the year ended 31st December 1986

page 7

	1986	1985
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	1,435,847	1,129,494
Items not involving the movement of funds	272,509	416,854
	<hr/>	<hr/>
FUNDS GENERATED FROM OPERATIONS	1,708,356	1,546,348
 FUNDS FROM OTHER SOURCES		
Proceeds on disposal of tangible assets	148,430	154,374
Proceeds on sale of fixed asset investments	86,836	78,242
	<hr/>	<hr/>
	235,266	232,616
	<hr/>	<hr/>
	1,943,622	1,778,964
 APPLICATION OF FUNDS		
Purchase of tangible assets	321,810	455,832
Purchase of fixed asset investments	61,252	-
Taxation paid	605,600	366,442
Intra-group loan repaid	250,000	250,000
Dividend paid	412,000	-
	<hr/>	<hr/>
	(1,650,662)	(1,072,274)
	<hr/>	<hr/>
 INCREASE IN WORKING CAPITAL	£292,960	£706,690
	<hr/>	<hr/>
 Representing		
Increase in trading creditors	(2,388,351)	(994,108)
Increase in other creditors	(172,056)	(443,816)
Increase (decrease) in debtors	2,942,538	(251,017)
(Decrease) increase in cash balances	(89,171)	2,186,193
Decrease in bank loans and overdrafts	-	209,438
	<hr/>	<hr/>
	£292,960	£706,690
	<hr/>	<hr/>

1. ACCOUNTING POLICIES

a) CONVENTION

These accounts have been prepared in accordance with the historical cost convention. The principal accounting policies which the directors have adopted within that convention are set out below.

b) BASIS OF CONSOLIDATION

The group accounts consolidate the accounts of the company and all material subsidiaries.

All companies within the group make up their accounts to 31st December.

c) FOREIGN CURRENCY

Transactions denominated in foreign currencies (including brokerage and fee income on contracts placed by the group and amounts due to and from underwriters) have been converted to sterling at a standard rate of exchange for the year. Realised profits or losses arising thereon are included in the results for the year.

Assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at rates of exchange ruling at the balance sheet date.

d) TURNOVER

Turnover represents retained brokerage, fees and commissions; it also includes brokerage relating to transactions with other group companies. Brokerage income is brought into account when debit notes are issued, irrespective of the inception date or period of insurance, with the exception that brokerage on contracts placed by sub-brokers is brought into account as and when the bordereaux are received from the sub-broker and processed.

e) DEFERRED TAXATION

Provision has been made at the relevant rate of taxation for the liability to corporation tax which is expected to arise in the foreseeable future on the results of the company and its subsidiaries. No provision is made for taxation liabilities which are expected to be deferred for some considerable period.

f) TANGIBLE FIXED ASSETS AND DEPRECIATION

For all tangible fixed assets, depreciation is calculated to write down their cost or valuation to their estimated residual values for the period of their estimated economic lives as follows

1. ACCOUNTING POLICIES continued

f) TANGIBLE FIXED ASSETS AND DEPRECIATION continued

Short leasehold property (including additions and improvements)	- 20% or the remaining lease period if shorter
Furniture and office equipment	- 20% pa
Computer hardware	- 20% pa
Motor vehicles	- 25% pa

Computer software expenditure is written off as incurred.

g) FIXED ASSET INVESTMENTS

These securities, held for the long term, are shown in these accounts at the lower of cost or net written down value.

h) PENSIONS

The Jardine insurance group operates pension schemes covering the majority of its employees. Annual contributions are charged against profits as they are made. Actuarial valuations are carried out every three years or at such shorter periods as the trustees from time to time deem appropriate. Deficits arising on these valuations are charged to the profit and loss account as and when they arise and are funded over the period before the next valuation.

2. TURNOVER

The Group's turnover is principally derived from U.K. retail brokerage.

3. OPERATING PROFIT

	1986	1985
Group trading profit is arrived at after charging		
Depreciation (note 1 and note 11)	331,077	484,434
Directors' remuneration (note 5)	612,729	593,554
Auditors' remuneration	56,750	53,350
Hire of plant and machinery - motor vehicles	292,687	84,749
Operating lease rentals	542,948	454,878
Land and buildings	282,406	272,296
Other	(122,000)	(80,000)
Write back of provision for losses re related company	-	84,627
Compensation payable to directors for loss of office	13,500	-
Provision for ex gratia payment to a director		

4.	EMPLOYEES	1986	1985
	The average number employed by the group was	553	504

The costs incurred in respect of these employees were

Wages and salaries	6,105,026	5,125,714
Social Security costs	456,000	339,894
Pension costs	616,211	661,214
Other costs	420,822	383,898
	<u>£7,598,059</u>	<u>£6,510,720</u>

Emoluments excluding pension contributions of employees other than directors earning more than £30,000 were as follows

	<u>No. of employees</u>	
	one	four
£30,001 - £35,000		

5. DIRECTORS

- a) Emoluments of directors of the holding company included in staff costs were as follows

Management remuneration including pension scheme contributions	£612,729	£593,554
--	----------	----------

The emoluments, excluding pension contributions, of directors (other than those whose duties were wholly or mainly discharged outside the United Kingdom) were as follows

Chairman	£59,539	£52,124
Highest paid director	£62,043	£54,280

	<u>No. of directors</u>	
	two	one
Other directors not exceeding £20,000	none	none
£20,001 - £25,000	one	one
£25,001 - £30,000	four	five
£30,001 - £35,000	three	none
£35,001 - £40,000	one	two
£40,001 - £45,000	one	two
£45,001 - £50,000	none	one
£50,001 - £55,000	one	none
£55,001 - £60,000		

5. DIRECTORS continued

In addition to the above, certain directors receive remuneration from other companies in the Jardine Matheson and Co. Limited group.

b) LOANS TO DIRECTORS

During the year loans have been made to directors for season tickets and for increased National Insurance contributions. These loans are interest free and are repayable within twelve months. The details are as follows

	<u>Beginning of year</u>	<u>Advanced during year</u>	<u>Repaid during year</u>	<u>End of year</u>
D.J. Batchelor	516	-	516	-
W.S.D. Barnes	514	2,694	2,663	545
D.J. Cowley	-	617	617	-
R.R. Davies	1,048	2,290	2,106	1,232
P.J. Ford-Robinson	-	1,058	1,058	-
D.J. Goodreid	-	1,058	1,058	-
B.A. Kirby	1,071	2,222	2,156	1,137
N.J. Lee	678	3,274	2,299	1,653
T. Masters	-	1,327	1,148	179
C.M.L. Paine	1,321	3,147	3,596	872
J.L. Radclyffe	-	1,058	1,058	-
B.N. Strong	15	1,077	1,077	15
P.J. van de Pol	1,051	2,978	4,029	-
M.J. Wakeley	745	4,072	3,917	900
	<u>£6,959</u>	<u>£26,872</u>	<u>£27,298</u>	<u>£6,533</u>

6.	OTHER OPERATING INCOME	1986	1985
	Interest receivable		
	Group companies	1,289,166	1,189,475
	Other	76,491	76,300
	Dividends received	1,385	2,538
	Profit on sale of fixed assets	29,887	16,903
	Sale of Scottish personal line business	-	17,514
	Profit on sale of investments	22,779	23,808
		<u>£1,419,708</u>	<u>£1,326,538</u>
7.	INTEREST PAYABLE		
	Bank loans and overdrafts	<u>£30,317</u>	<u>£24,327</u>
8.	TAX ON PROFIT ON ORDINARY ACTIVITIES		
	Taxation is based on the results for the year and comprises		
	Corporation tax at 36.25% (1985 - 41.25%) on taxable profit	732,558	573,955
	Deferred taxation (see note 17)	(147,524)	(11,617)
	Under/overprovision for earlier years	2,565	(40,503)
		<u>£587,599</u>	<u>£521,835</u>
	The tax charge for the year has been increased by the disallowance of certain provisions and expenses.		
9.	PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO MEMBERS OF JARDINE INSURANCE BROKERS LIMITED		
	Dealt with in the accounts of the holding company	<u>£812,002</u>	<u>£586,071</u>
	The company has taken advantage of Section 228(7) of the Companies Act 1985 and consequently a profit and loss account for the company alone is not presented.		
10.	DIVIDENDS		
	On the issued capital of £1,003,000	300,000	-
	Paid in the year	464,000	112,000
	To be paid	<u>£764,000</u>	<u>£112,000</u>

11. TANGIBLE ASSETS

a) GROUP

	Land, buildings and leasehold improvements	Computer	Fixtures, fittings, equipment and motor vehicles	TOTAL
COST OR VALUATION				
At 1st January 1986	357,840	1,251,592	1,047,983	2,657,415
Additions	32,452	196,802	89,916	319,170
Disposals	(311,480)	(821,413)	(313,952)	(1,446,845)
Group transfers	-	-	2,640	2,640
At 31st December 1986	78,812	626,981	826,587	1,532,380
DEPRECIATION				
At 1st January 1986	242,191	965,704	721,413	1,929,308
Charge for the year	77,619	133,966	119,492	331,077
Disposals	(280,631)	(821,413)	(226,323)	(1,328,367)
Group transfers	-	-	-	-
At 31st December 1986	39,179	278,257	614,582	932,018
NET BOOK VALUE				
At 31st December 1986	£39,633	348,724	212,005	£600,362
At 31st December 1985	£115,649	285,888	326,570	£728,107

b) COMPANY

COST OR VALUATION				
At 1st January 1986	355,296	1,228,044	1,018,730	2,602,070
Additions	32,452	196,802	87,316	316,570
Disposals	(311,480)	(821,413)	(305,934)	(1,438,827)
Group transfers	-	-	2,640	2,640
At 31st December 1986	76,268	603,433	802,752	1,482,453
DEPRECIATION				
At 1st January 1986	240,910	960,995	701,417	1,903,322
Charge for the year	77,112	129,257	114,226	320,595
Disposals	(280,631)	(821,413)	(220,310)	(1,322,354)
Group transfers	-	-	-	-
At 31st December 1986	37,391	268,839	595,333	901,563
NET BOOK VALUE				
At 31st December 1986	£38,877	334,594	207,419	£580,890
At 31st December 1985	£114,386	267,049	317,313	£698,748

11. TANGIBLE ASSETS continued

c) FUTURE CAPITAL EXPENDITURE

At 31st December 1986 no capital expenditure had been authorised or contracted for.

12. FIXED ASSET INVESTMENT

GROUP

COST

At 1st January 1986

Purchases

Disposals

At 31st December 1986

Investments
in related
companies

Listed and
unlisted
investments

TOTAL

5,100

10,152

15,252

-

61,252

61,252

-

(64,122)

(64,122)

£5,100

7,282

£12,382

COMPANY

COST

At 1st January 1986

Purchases

Disposals

At 31st December 1986

Group companies
shares at cost

Listed and
unlisted
investments

TOTAL

13,635

10,152

23,787

-

61,252

61,252

(1,020)

(64,122)

(65,142)

£12,615

7,282

£19,897

Group and Company
1986 1985

On a recognised stock exchange - at book value

£7,279

£9,788

Market value

£25,579

£24,944

UNLISTED INVESTMENTS

Directors' valuation

£ 3

£360

12. FIXED ASSET INVESTMENT continued

SUBSIDIARIES

The subsidiary companies are as follows

% held

Jardine Financial Risk Management Limited	100
Jardine Pensions Management Limited	100
Jardine Credit Management Limited	100
Jardine Credit Insurance Limited	100
Expacare Insurance Services Limited	100
Pet Animal Welfare Scheme Limited	100
Airline Insurance Services Limited	100
Claims Management Services Limited	100
Creditsure Limited (formerly Dentex Insurance Services Limited)	100
Stockbrokers Insurance Services Limited	100
Barristers Insurance Services Limited	52.4
Jardine Insurance Brokers (UK) Limited	100
Jardine Group Insurance Services Limited	100
Woods & Maslen (U.K.) Limited	100

Stop Loss Services Limited, a partly owned subsidiary (51%) was placed in voluntary liquidation in 1986, and the net proceeds from this liquidation are incorporated in these accounts.

RELATED COMPANY

The company owns 50% of the equity voting rights of BMA Services Limited. The results of this related company have not been consolidated as the attributable amounts at this stage are not material.

13. DEBTORS	<u>Group</u>		<u>Company</u>	
	1986	1985	1986	1985
Trade debtors	12,593,240	10,263,733	12,467,641	10,135,867
Amounts owed by group companies				
Subsidiaries	-	-	80,953	309,471
Matheson and Co. Limited				
companies	443,075	6,466	448,101	6,466
Related company	566,153	260,445	566,153	260,445
Other debtors and accrued income	380,016	703,443	363,619	685,412
Prepayments	424,094	229,953	409,964	228,483
	<u>£14,406,578</u>	<u>£11,464,040</u>	<u>£14,336,431</u>	<u>£11,626,144</u>

13. DEBTORS continued

In the ordinary course of insurance broking business settlement is required to be made with certain market settlement bureaux or insurance companies on the basis of the net balance due to or from the bureau or company in question rather than the amounts due to or from the individual third parties which it represents. Amounts due to or from the insurance market are stated on the basis of the net balances due to or from the party concerned. This basis of settlement is reflected in the amounts included in trade debtors and creditors.

14. CASH AT BANK

Deposits amounting to £8,433,641 (1985 - £8,749,217) were held with Matheson Trust Company Limited a group company which is recognised as a Licensed Deposit Taking Institution.

Bank deposits of £20,000 represent Lloyd's brokerage deposits.

In connection with certain U.S. dollar business, deposits and other cash balances amounting to £137,757 (1985 - £385,378) are, in compliance with the requirements of the Corporation of Lloyd's, subject to a charge in favour of the trustee for insurance broking creditors amounting to £355,519 (1985 - £817,301). Insurance broking debtors within the terms of the trust amounted to £136,029 (1985 - £502,888).

15. SUNDRY CREDITORS

	Group		Company	
	1986	1985	1986	1985
Amounts owed to group companies				
Subsidiaries	-	-	10,312	10,312
Matheson & Co. Limited companies	32,082	259,188	32,082	256,351
Other creditors	699,566	614,949	692,591	598,549
Corporation tax	757,865	631,835	710,804	621,770
Other taxation and social security	14,333	33,824	6,452	25,619
Accruals	755,364	671,328	750,884	664,552
	<u>£2,259,210</u>	<u>£2,211,124</u>	<u>£2,203,125</u>	<u>£2,177,153</u>

16. PROVISION FOR LIABILITIES AND CHARGES

	Group		Company	
	1986	1985	1986	1985
Deferred taxation	<u>£109,177</u>	<u>£256,701</u>	<u>£108,116</u>	<u>£256,701</u>

16. PROVISION FOR LIABILITIES AND CHARGES continued

	<u>Group</u>	<u>Company</u>
DEFERRED TAXATION		
i) Movement in the year		
At 1st January 1986	256,701	256,701
Debit for the year	147,524	148,585
	<hr/>	<hr/>
At 31st December 1986	£109,177	£108,116
	<hr/>	<hr/>
ii) Provision at year end		
The source of the balance on deferred tax account and the amounts involved are as follows		

	Full provision, which is dealt with in the accounts	
	<hr/>	<hr/>
GROUP	1986	1985
Capital allowances in excess of depreciation	29,866	64,943
Short term timing differences	79,311	191,758
	<hr/>	<hr/>
	£109,177	£256,701
	<hr/>	<hr/>
COMPANY		
Capital allowances in excess of depreciation	28,805	64,943
Short term timing differences	79,311	191,758
	<hr/>	<hr/>
	£108,116	£256,701
	<hr/>	<hr/>

17. SHARE CAPITAL	1986	1985
Authorised		
4,945,726 ordinary shares of £1 each	4,945,726	4,945,726
965,451 deferred shares of 5p each	48,273	48,273
17,650 deferred shares of 34p each	6,001	6,001
	<hr/>	<hr/>
	£5,000,000	£5,000,000
Issued and fully paid		
948,726 ordinary shares of £1 each	948,726	948,726
965,451 deferred shares of 5p each	48,273	48,273
17,650 deferred shares of 34p each	6,001	6,001
	<hr/>	<hr/>
	£1,003,000	£1,003,000
18. PROFIT AND LOSS ACCOUNT	<u>Group</u>	<u>Company</u>
Balance at 1st January 1986	1,432,365	1,424,548
Retained profit for the year	84,239	48,002
	<hr/>	<hr/>
Balance at 31st December 1986	£1,516,604	£1,472,550
19. FINANCIAL COMMITMENTS		
OPERATING LEASES		
i) At 31st December 1986 the group had annual commitments under non-cancellable operating leases as set out below		
	1986	1985
	Land and <u>buildings</u>	Land and <u>buildings</u>
	Other	Other
Operating leases which expire within one year	2,150	-
in the second to fifth years	379,445	45,635
over five years	192,899	452,044
	<hr/>	<hr/>
	£574,494	£497,679
	<hr/>	<hr/>
	£254,665	£122,144
	<hr/>	<hr/>

19. FINANCIAL COMMITMENTS continued

- (ii) Rents receivable due under sub-leases of the land and buildings are as follows

	1986	1985
Expiring within one year	-	-
in the second to fifth years	9,676	9,676
over five years	15,694	15,694
	<hr/>	<hr/>

- (iii) Payments or receipts due under operating leases have been charged to the profit and loss account on an accruals basis. Certain operating leases for land and buildings are subject to periodical rent reviews.

20. CONTINGENT LIABILITIES

- a) Bank guarantees as shown have been given by the company to enable the following executives and consultants to become underwriting members of Lloyd's:

T. Masters	15,000	15,000
C.M.L. Paine	15,000	15,000
M.B. Gerrish	15,000	15,000
	<hr/>	<hr/>
	£45,000	£45,000
	<hr/>	<hr/>

- b) Uncalled capital in respect of investment in subsidiary companies of £nil (1985 - £1,530).

- c) Under guarantees given to certain underwriting syndicates at Lloyd's the company has undertaken, in respect of motor business placed through the direct agency of certain companies to pay these underwriters all premiums due to them and arising out of the direct agency whether or not the company is able to collect such premiums.

21. ULTIMATE HOLDING COMPANY

The ultimate holding company is Jardine Matheson Holdings Limited, incorporated in Bermuda.