

REGISTRAR OF COMPANIES

James Steele (Insurance) Limited

Directors' Report and Accounts

Year ended 30 September 1998

Company Registration No. 142067 (England and Wales)



James Steele (Insurance) Limited

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James Steele (Insurance) Limited

Directors' Report Year ended 30 September 1998

The directors present their report and accounts for the year ended 30 September 1998.

Directors

The following directors have held office since 1 October 1997:

M R Jones (Chairman)
N A Hooper
S B Marriner
D J Marsh
D S Readman
M N Thompson

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year 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 accounts, 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, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 accounts 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.

Principal activities and review of the business

The principal activity of the company continued to be that of an insurance broker.

Results and dividends

The results for the year are set out on page 4.

Year 2000

The directors are required to address the possibility of disruption as a result of the year 2000. They continue to address the risks and uncertainties facing the company relating to this issue. A review has been undertaken of the company's computer software and hardware, and replacements and upgrading put in place where necessary. The directors have sought, and received, assurance from third parties with computer systems that the company depends on, that they are taking the necessary measures to ensure that the year 2000 issue does not have an impact on the operations of the company.

Directors' interests

No director has a beneficial interest in the shares of any group company other than the parent company. The interests of the directors in the shares of the parent company are set out in note 8 to the accounts.

James Steele (Insurance) Limited

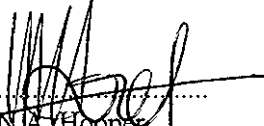
Directors' Report

Year ended 30 September 1998

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Moores Rowland be reappointed as auditors of the company will be put to the Annual General Meeting.

By order of the board


N/A Hooper
Secretary
22 January 1999

James Steele (Insurance) Limited

Auditors' Report

To the Shareholders of James Steele (Insurance) Limited

We have audited the accounts on pages 4 to 9.

Respective responsibilities of directors and auditors

As described in the directors' report the company's directors are responsible for the preparation of accounts. It is our responsibility as auditors to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 September 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Moore Rowland

Chartered Accountants
Registered Auditors

London

22 January 1999

James Steele (Insurance) Limited

Profit and Loss Account

Year ended 30 September 1998

	Notes	1998 £ '000	1997 £ '000
Turnover and other operating income	2	489	493
Other operating charges	3	466	470
		<hr/>	<hr/>
Profit on ordinary activities before taxation		23	23
Tax on profit on ordinary activities	4	5	5
		<hr/>	<hr/>
Profit on ordinary activities after taxation	8	18	18
		<hr/>	<hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

James Steele (Insurance) Limited

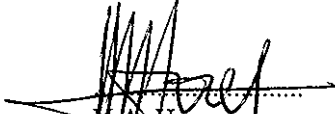
Balance Sheet

As at 30 September 1998

	Notes	1998 £ '000	1997 £ '000
Current assets			
Debtors	5	2,122	2,021
Cash at bank and in hand		413	368
		<u>2,535</u>	<u>2,389</u>
Creditors: amounts falling due within one year	6	<u>(1,967)</u>	<u>(1,839)</u>
Total assets less current liabilities		<u>568</u>	<u>550</u>
Capital and reserves			
Called up share capital	7	500	500
Profit and loss account	8	68	50
Shareholders' funds - equity interests	9	<u>568</u>	<u>550</u>

The accounts were approved by the Board on 22 January 1999


M R Jones
Director


M A Hooper
Director

James Steele (Insurance) Limited

Notes to the Accounts

Year ended 30 September 1998

1 Accounting policies

1.1 Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

1.2 Turnover and other operating income

Turnover comprises brokerage and commission earned which are taken to profit when insured or associate is charged. Short term interest is taken to profit as received. Investment income is included gross as received.

1.3 Foreign currency translation

Balances of foreign currency included in current assets and liabilities have been converted to sterling at the rates ruling at the balance sheet date.

Profits or losses arising on conversion are the amounts relating to foreign currency business placed by a fellow subsidiary undertaking on behalf of the company and are included in the profit and loss account as a credit or charge to investment and other income.

1.4 Debtors and creditors

Balances arising from insurance broking transactions included under debtors and creditors are only offset to the extent permitted under the provisions of Financial Reporting Standard No 5 'Reporting the substance of transactions'.

2 Turnover and profit on ordinary activities before taxation

Class of business	Turnover	
	1998 £ '000	1997 £ '000
Brokerage and commission	488	506
Investment and other income	1	(13)
	<u>489</u>	<u>493</u>

3 Operating charges

The directors and the other staff are remunerated by the parent company. The remuneration paid by the parent company is included in the management charge, which also covers all establishment and administration expenses, including auditors' remuneration. The company paid £3,000 (1997 £6,000) as a pension to a former director.

The company made a contribution of £12,500 (1997 £14,000) to the Cooper Gay Employee Trust, an employee share ownership plan established by the company's ultimate parent company. The contribution is for the benefit of certain of the company's employees.

4 Taxation

	1998 £ '000	1997 £ '000
U.K. corporation tax	<u>5</u>	<u>5</u>

James Steele (Insurance) Limited

Notes to the Accounts

Year ended 30 September 1998

5 Debtors	1998	1997
	£ '000	£ '000
Trade debtors	2,020	1,876
Amounts owed by parent and fellow subsidiary undertakings	75	109
Amounts owed by associated undertakings	27	36
	<u>2,122</u>	<u>2,021</u>
 6 Creditors: amounts falling due within one year	 1998	 1997
	£ '000	£ '000
Trade creditors	1,898	1,835
Amounts owed to parent and fellow subsidiary undertakings	67	3
Amounts owed to associated undertakings	2	-
Corporation tax	-	1
	<u>1,967</u>	<u>1,839</u>
 7 Share capital	 1998	 1997
	£ '000	£ '000
Authorised		
500,000 Ordinary shares of £1 each	500	500
 Allotted, called up and fully paid		
500,000 Ordinary shares of £1 each	500	500
 8 Statement of movements on profit and loss account		
		Profit and loss account £ '000
Balance at 1 October 1997		50
Retained profit for the year		18
Balance at 30 September 1998		<u>68</u>

James Steele (Insurance) Limited

Notes to the Accounts

Year ended 30 September 1998

9 Reconciliation of movements in shareholders' funds	1998 £ '000	1997 £ '000
Profit for the financial year	18	18
Proceeds from issue of shares	-	50
Net addition to shareholders' funds	18	68
Opening shareholders' funds	550	482
Closing shareholders' funds	568	550

10 Directors' interests

The directors' interests in the shares of the parent company were:

	At 30 September 1998				At 30 September 1997			
	Ordinary	Deferred	Deferred No. 2	'A' Ordinary	Ordinary	Deferred	Deferred No. 2	'A' Ordinary
M R Jones	6,675	6,111	-	10,488	6,675	6,111	-	10,488
D J Marsh	2,316	827	5,000	1,138	2,316	827	5,000	1,138
M N Thompson	4,485	4,797	-	5,522	4,485	4,797	-	5,522
N A Hooper	3,200	827	5,000	1,637	3,200	827	5,000	1,637
S B Marriner	3,200	825	5,000	1,637	3,200	825	5,000	1,637
D S Readman	-	-	-	-	-	-	-	-

James Steele (Insurance) Limited

Notes to the Accounts

Year ended 30 September 1998

11 Insurance broking assets and liabilities

The company acts as an agent in placing the insurable risks of its clients with insurers and, as such, generally is not liable as principal for amounts arising from such transactions. Notwithstanding this legal relationship, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities.

It is normal practice for insurance brokers to settle accounts with other intermediaries, clients, insurers and market settlement bureaux on a net basis.

The legal status of this practice of net settlement is uncertain and in the event of an insolvency it is generally abandoned. Financial Reporting Standard No 5 "Reporting the substance of transactions" requires that offset of assets and liabilities should be recognised in financial statements where, and only where, the offset would survive the insolvency of the other party. Accordingly, only such offsets have been recognised in calculating insurance broking debtors and creditors.

As required by Lloyd's Brokers Bylaw (No 5 of 1988) the company has entered into a Trust Deed under which all insurance broking account assets are subject to a floating charge held on trust by the Society of Lloyd's for the benefit of the insurance creditors which at 30 September 1998 amounted to £1,910,000 (1997 £1,838,000). The charge only becomes enforceable under certain circumstances as set out in the Deed. The assets subject to this charge were:

	1998 £ '000	1997 £ '000
Bank Balances	408	363
Insurance debtors	2,122	1,966
	<u>2,530</u>	<u>2,329</u>

12 Control

The company is a wholly owned subsidiary of Cooper Gay (Holdings) Limited. This company is the ultimate controlling party.

The consolidated accounts of the parent company are available from Companies House.

The company has taken advantage of the exemption, given under Financial Reporting Standard No 8 'Related Party Disclosures', from the requirement to disclose transactions with related parties where 90% of the voting rights are controlled by the group.