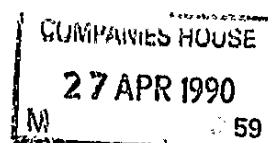


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**WILLIS FABER & DUMAS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1989**



**WILLIS FABER & DUMAS LIMITED**

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**DIRECTORS**

R.B. Keville - Chairman  
D.H. Payne - Deputy Chairman  
J.N.W. Wooderson - Deputy Chairman  
J.M.P. Taylor - Managing Director  
R.W. Barklam  
R.J.S. Bucknall  
N.P. Davenport  
R.G.W. Dixon  
M.H. Duder  
M.D.T. Faber  
M.J.J. Faber  
C.H. Furby  
E.J.S. Garrett  
R.H. Gayner  
R.S. Gray  
P. Hastings  
A.B. Hedgecock  
M.A. Hedley

G.R. Jones  
C.H. London  
C.N.F. Methven  
A. Milsom  
L.G.M. Morant  
E.I.J.G. Moss  
J.A.G. Myers  
J.H. Pelly  
O.C. Prior  
A.D.H. Proctor  
R.H. Salter  
J. Sanderson  
D.N. Slade (non-executive)  
J.P. Turner  
I.C. White  
R.J. White  
H.V. White-Smith  
M.H. Woods

**SECRETARY**

M.P. Chitty

**REGISTERED OFFICE**

Ten Trinity Square,  
London EC3P 3AX

**AUDITORS**

Ernst & Young  
Chartered Accountants,  
Becket House,  
1 Lambeth Palace Road,  
London SE1 7EU

REPORT OF THE DIRECTORS

The directors present their report, together with the financial statements for the year ended 31 December 1989.

ACTIVITY AND REVIEW OF DEVELOPMENTS

The Company is a Lloyd's Broker engaged in international insurance and reinsurance broking.

Unchanged brokerage income measured in constant exchange rates demonstrates the strength of the Company's business with flows of new orders offsetting the low premium rates found for most of 1989 in virtually all markets in which it trades. Growth was particularly strong in International and London market reinsurance business, reflecting in part the increased demand for aggregate protection following the accumulation of severe losses in recent years.

During the year an extensive restructuring of the Company was initiated. Eleven operating areas were re-aligned into five business groups and a greater emphasis has been placed on the co-ordination of client servicing and business production on a territorial basis.

The new group structure provides a clear framework for the future growth of the Company based on its existing strengths and on the developing requirements of its clients.

PROFITS AND DIVIDENDS

The profit on ordinary activities after taxation and extraordinary items amounted to £8,957,000.

An interim dividend of £7,400,000 was paid on 29 December 1989. The directors do not recommend the payment of a final dividend.

TANGIBLE ASSETS

Details of the changes in tangible assets are shown in note 13 on page 13.

EMPLOYEES PARTICIPATION

The Company maintains formal and informal systems of communication with its employees. Senior executives have a specific responsibility to communicate effectively and to promote a better understanding by employees of the Group's activities and performance in addition to their own operational areas.

The Company's employees participate in the Group's employee share schemes which are designed to encourage employees' further involvement in the Group's performance.

DISABLED EMPLOYEES

In the UK it is the Group's policy that disabled people are not discriminated against on the grounds of their disability and that they receive equal opportunities, as far as is practicable, in employment continuity, training and career development.

REPORT OF THE DIRECTORS (continued)

DIRECTORS

The present directors are named on page 1. The directors who held office during the year were:-

R.B. Keville	D.N. Slade
D.H. Payne	J.P. Turner
J.N.W. Wooderson	M.C. White
J.M.P. Taylor	R.J. White
R.W. Barklam	H.V. White-Smith
R.G.W. Dixon	M.H. Woods
M.H. Duder	J.V.H. Robins - resigned 25 October 1989
M.D.T. Faber	N.P. Davenport - appointed 25 January 1989
E.J.S. Garrett	C.M. Furby - appointed 25 January 1989
R.H. Gayner	P. Hastings - appointed 25 January 1989
R.S. Gray	A.B. Hedgecock - appointed 25 January 1989
M.A. Hedley	C.M. London - appointed 25 January 1989
G.R. Jones	A. Hilsom - appointed 25 January 1989
C.N.F. Methven	E.I.J.G. Moss - appointed 25 January 1989
L.G.M. Morant	J. Sanderson - appointed 25 January 1989
J.M. Pelly	
A.D.M. Proctor	
R.M. Salter	

Details of directors' interests in shares and contracts are shown in note 28 on pages 19, 20 and 21.

R.J.S. Bucknall, M.J.J. Faber and J.A.C. Myers were appointed as Directors of the Company on 1 January 1990. O.C. Prior was appointed as a Director of the Company on 9 February 1990.

AUDITORS

Ernst & Whinney merged their practice with Arthur Young on 1 September 1989 and now practise in the name of Ernst & Young. Accordingly, they have signed their audit report in their new name. Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By Order of the Board

  
M.P. Chitty  
Secretary

29 March 1990  
Ten Trinity Square  
London EC3P 3AX

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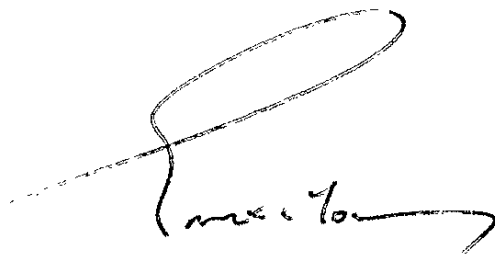
WILLIS FABER & DUMAS LIMITED

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REPORT OF THE AUDITORS TO THE MEMBERS OF WILLIS FABER & DUMAS LIMITED

...  
We have audited the financial statements set out on pages 5 to 21 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1989 and of the profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Chartered Accountants  
London.

29 March 1990

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1989

	Notes	1989 £000	1988 £000
Turnover	3	98,630	98,861
Other Income	4	26,426	17,373
		<hr/>	<hr/>
		125,056	116,234
Expenses	5	111,523	98,783
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	13,533	17,451
Tax on profit on ordinary activities	10	4,576	6,066
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		8,957	11,385
Extraordinary items	11	-	(698)
		<hr/>	<hr/>
Profit on Ordinary activities after Taxation and Extraordinary Items		8,957	10,687
Dividends	12	7,400	14,500
		<hr/>	<hr/>
PROFIT/(LOSS) RETAINED	26	1,557	(3,813)
		<hr/>	<hr/>

The notes on pages 8 to 21 form part of these financial statements.

The movement on the retained profit and loss account is shown in note 26.

## WILLIS FABER &amp; DUMAS LIMITED

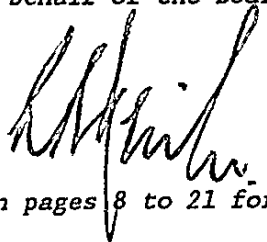
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## BALANCE SHEET AT 31 DECEMBER 1989

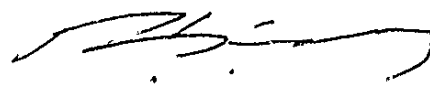
	Notes	1989 £000	1988 £000
<b>FIXED ASSETS</b>			
Tangible Assets	13	1,464	3,617
Investments	14	421	559
		<u>1,885</u>	<u>4,176</u>
<b>CURRENT ASSETS</b>			
Debtors	18	368,202	449,153
Investments	19	78,438	66,765
Cash at bank and in hand		129,193	115,721
		<u>575,833</u>	<u>631,639</u>
<b>CURRENT LIABILITIES</b>			
Creditors : falling due within one year	20	555,459	620,782
<b>NET CURRENT ASSETS</b>		<u>20,374</u>	<u>10,857</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		22,259	15,033
<b>Less:</b>			
CREDITORS : falling due after more than one year	21	13,064	6,029
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	24	(2,695)	(1,329)
		<u>11,890</u>	<u>10,333</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	25	5,000	1,000
Profit and loss account	26	6,890	9,333
		<u>11,890</u>	<u>10,333</u>

Approved on behalf of the Board on 29 March 1990.

Director



Director



The notes on pages 8 to 21 form part of these financial statements.

WILLIS FABER & DUMAS LIMITED

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STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 1989

	1989 £000	1988 £000
<b>SOURCE OF FUNDS</b>		
Operations:		
Profit on ordinary activities before taxation	13,533	17,451
Extraordinary items before taxation	-	(1,074)
Items not involving movement of funds:		
Depreciation and amounts written-off tangible fixed assets	2,153	1,850
Funds generated from operations	15,686	18,227
Funds from other sources:		
Increase/(Decrease) in creditors falling due after more than one year (excluding intra group companies)	7,220	(2,884)
Disposals of: tangible assets	-	11
fixed asset investments	-	4
subsidiary companies	196	622
	23,102	15,980
<b>APPLICATION OF FUNDS</b>		
Dividends	14,209	14,780
Taxation	11,411	9,458
Purchases of: fixed asset investment	58	4
subsidiary companies	-	315
	25,678	24,557
<b>(DECREASE) IN WORKING CAPITAL</b>	<b>(2,576)</b>	<b>(8,577)</b>
Movements in working capital:		
Decrease/(Increase) in trade creditors	70,617	(191,279)
(Decrease)/Increase in trade debtors	(69,947)	162,658
	670	(28,621)
Decrease in other creditors	848	5,457
Increase/(Decrease) in other debtors	2,925	(6,739)
(Decrease)/Increase in balances with group companies	(41,038)	24,571
Increase/(Decrease) in balances with subsidiary companies	1,681	(375)
(Decrease) in balances with related companies	(2,309)	(505)
Decrease/(Increase) in bank loans and overdrafts	9,502	(7,963)
Increase in cash and current investments	25,145	5,598
	(2,576)	(8,577)



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1989

1. The Company is a wholly-owned subsidiary of Willis Faber p.l.c., a company incorporated in England.
2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Section 227 of, and Schedule 4 to, the Companies Act 1985.

(i) Retained brokerage

The Company takes credit for brokerage income at the date when the insured is debited or at the inception date of the policy, whichever is the later. Brokerage on return and additional premiums and adjustments is brought into account as and when these occur.

(ii) Rates of exchange

Assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the Company's balance sheet date or, in the case of forward contracts in respect of current year's income, at the contracted rate. Differences arising from trading activities are dealt with in the profit and loss account.

(iii) Tangible assets

Tangible assets are shown at cost less accumulated depreciation. Depreciation is calculated on a straight line basis at rates estimated to write down the value of assets over their expected useful lives. Assets are depreciated with effect from their first completed month in use. The rates generally used are:

Freehold and long leasehold properties:

Land	Nil
Buildings	2 per cent per annum
Leasehold properties under 50 years	Over remaining period of lease
Furniture and equipment	4 and 25 per cent per annum
Motor vehicles	25 per cent per annum

(iv) Deferred taxation

The Company provides for deferred taxation at the rates at which it is expected the liability will crystallise, in respect of the excess of capital allowances over depreciation and other timing differences. It is anticipated that the timing differences will ultimately be reversed.

(v) Goodwill

Purchased goodwill is written off directly against reserves as it arises.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

2. ACCOUNTING POLICIES (continued)

(vi) Pensions

The cost of providing retirement pensions is charged to profit and loss account over the periods benefiting from the employees' services on the basis of a constant percentage of current and estimated future earnings.

(vii) Insurance debtors and creditors

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

3. TURNOVER

Brokerage:

The table below analyses the Company's net retained brokerage by the accounting address of the client from whom the business is derived. This does not necessarily reflect the original source or location of the business.

	1989 £000	1988 £000
UK	33,369	33,331
North and South America	28,798	30,326
Europe	20,076	18,532
Asia and Pacific (including Australasia)	12,105	12,069
Middle East and Africa	4,282	4,603
	<hr/> 98,630	<hr/> 98,861

4. OTHER INCOME

Income from fixed asset investments	11	1
Income from shares in group companies	1,945	-
Income from shares in associated companies	1	-
Other investment income - group companies	2,057	17
- other	22,412	15,206
Management charges	-	2,149
	<hr/> 26,426	<hr/> 17,373

5. EXPENSES

Employees (note 6)	59,759	58,492
Depreciation	1,298	1,855
Assets written off (note 13)	855	-
Interest payable - group companies	79	17
- bank loans and overdrafts	250	437
Other operating charges	49,282	37,982
	<hr/> 111,523	<hr/> 98,783

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

6. EMPLOYEES

The average number of employees during  
the year was 2,652 (1988 - 2,735)

	1989 Number	1988 Number
Employed in the Company's activities	1,909	1,948
Seconded to U.K. subsidiaries of Willis Faber p.l.c.	743	787

	1989 £000	1988 £000
Total employee costs before reimbursement by fellow subsidiaries during the year consisted of :		

Wages and salaries	48,306	46,625
Social security costs	3,712	3,688
Other pension costs	7,741	7,249
Group profit sharing scheme	-	930
	<u>59,759</u>	<u>58,492</u>

Employee costs net of amounts reimbursed  
by fellow subsidiaries during the year  
consisted of :

Wages and salaries	34,763	32,250
Social security costs	2,741	2,726
Other pension costs	5,869	5,794
	<u>43,373</u>	<u>40,770</u>

Note:

Certain of the Company's employees are seconded to work for U.K. subsidiaries of Willis Faber p.l.c. and the Company is reimbursed for those employees salaries, social security and pension costs.

The Company is a member of the Willis Faber Pension Scheme, which is funded and of the defined benefit type, and pension contributions are based on pension costs across the group as a whole. The pension cost is assessed in accordance with the advice of professionally qualified actuaries who are group employees. The latest actuarial valuation was at 6 April 1988, details of which are given in the accounts of Willis Faber p.l.c.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

	1989 £000	1988 £000
7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
The profit on ordinary activities before taxation is arrived at after charging:		
Directors' emoluments (note 8)	3,803	3,557
Auditors' fees and expenses	171	180
Hire of machinery and equipment	-	4
and after crediting:		
Income from listed investments	-	1

## 8. DIRECTORS' REMUNERATION

The remuneration of the directors of the company (excluding pension contributions) was:

	1989 £000	1988 £000
Chairman (1 January to 31 October 1988)		<u>130</u>
Chairman (1 November to 31 December 1988)		<u>22</u>
Chairman	<u>189</u>	
Highest paid director	<u>Chairman</u>	<u>196</u>
Other Directors:	Number	Number
NIL	1	1
£ 35,001 - £40,000	-	1
£ 40,001 - £45,000	-	2
£ 55,001 - £60,000	1	2
£ 60,001 - £65,000	3	-
£ 65,001 - £70,000	5	1
£ 70,001 - £75,000	2	1
£ 75,001 - £80,000	1	2
£ 80,001 - £85,000	4	1
£ 85,001 - £90,000	3	2
£ 90,001 - £95,000	2	2
£ 95,001 - £100,000	-	1
£100,001 - £105,000	1	2
£105,001 - £110,000	2	2
£110,001 - £115,000	1	2
£115,001 - £120,000	1	2
£125,001 - £130,000	-	1
£130,001 - £135,000	-	1
£135,001 - £140,000	-	2
£140,001 - £145,000	-	1
£145,001 - £150,000	1	-
£150,001 - £155,000	1	-
£165,001 - £170,000	3	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

9. EMOLUMENTS OF HIGHER PAID EMPLOYEES

During the year the following number of employees received emoluments (excluding pension contributions) in excess of £30,000.

	1989 Number	1988 Number
£30,001 - £35,000	75	56
£35,001 - £40,000	38	34
£40,001 - £45,000	30	24
£45,001 - £50,000	27	24
£50,001 - £55,000	23	23
£55,001 - £60,000	13	18
£60,001 - £65,000	3	5
£65,001 - £70,000	7	8
£70,001 - £75,000	4	3
£75,001 - £80,000	-	1
£80,001 - £85,000	1	-
£85,001 - £90,000	-	1
£90,001 - £95,000	-	1
£95,001 - £100,000	-	1
£100,001 - £105,000	-	1
£105,001 - £110,000	-	1
£110,001 - £115,000	-	1
£115,001 - £120,000	-	1
£120,001 - £125,000	-	1
£125,001 - £130,000	-	1
£130,001 - £135,000	-	1
£135,001 - £140,000	-	1
£140,001 - £145,000	-	1

10. TAXATION

	1989 £000	1988 £000
Charge for the year:		
UK Corporation Tax	3,474	8,029
Overseas taxation	2	3
Deferred taxation	1,100	(2,041)
Under provision in previous years	-	75
	<u>4,576</u>	<u>6,066</u>

Note:

UK Corporation Tax has been calculated at a rate of 35% (1988 35%) on the profit on ordinary activities for the year.

11. EXTRAORDINARY ITEMS

	1989 £000	1988 £000
Merger Costs	-	(1,074)
Taxation	-	376
	<u>-</u>	<u>(698)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

## 12. DIVIDENDS

	1989 £000	1988 £000
Interim paid (148p per share) (700p per share - 1988)	7,400	7,000
Final proposed (750p per share - 1988)	-	7,500
	<u>7,400</u>	<u>14,500</u>

## 13. TANGIBLE ASSETS

	Short leasehold property £000	Furniture, equipment and vehicles £000	Total £000
<b>Cost:</b>			
1 January	38	12,364	12,402
Assets written off	-	(3,938)	(3,938)
31 December	<u>38</u>	<u>8,426</u>	<u>8,464</u>
<b>Depreciation:</b>			
1 January	16	8,769	8,785
Provision for year	1	1,297	1,298
Assets written off	-	(3,083)	(3,083)
31 December	<u>17</u>	<u>6,983</u>	<u>7,000</u>
Net book value 31 December	<u>21</u>	<u>1,443</u>	<u>1,464</u>

## 14. FIXED ASSET INVESTMENTS

	1989 £000	1988 £000
Shares in Subsidiary companies (note 15)	322	518
Shares in Associated companies (note 16)	25	25
Other investments (note 17)	74	16
	<u>421</u>	<u>559</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

## 15. SHARES IN SUBSIDIARY COMPANIES

	£000
Cost :	
1 January	518
Additions	-
Disposals	(196)
	<hr/>
Cost and Net Book Value 31 December 89	322
	<hr/>

	<u>Where registered or incorporated</u>	<u>Class of Share</u>	<u>Percentage of share capital held</u>	<u>Cost less amounts written-off £000</u>
<b>INSURANCE BROKING</b>				
Hughes-Gibb and Company Limited	England	Ordinary of £1 each	100%	3
Willis Faber (Aegean) Limited	England	Ordinary of £1 each	100%	5
Durtnell & Fowler Limited	England	Ordinary of £1 each	100%	310
<b>LLOYD'S MEMBERS' AGENCIES</b>				
Willis Faber & Dumas (Agencies) Limited	England	"A" shares of £1 each	100%	4
				<hr/>
				322
				<hr/>

**Note:**

Consolidated accounts have not been prepared as the Company is itself a wholly-owned subsidiary. In the opinion of the directors, the value of the shares in the subsidiaries is not less than the amount shown in the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

16. SHARES IN ASSOCIATED COMPANIES £000

Cost 1 January	25
Cost and Net book value 31 December 89	25

Note:

At 31 December 1989 the Company held more than ten per cent of the equity share capital of the following company:-

	Where registered or incorporated	Class of Share	Percentage of share capital held	Cost less amounts written-off £000
<b>EMPLOYEE BENEFIT CONSULTANTS</b>				
Pension and Investment Consultants Limited	Ireland	'B' Shares of £1 each	25%	25

Note:

As the Company is a wholly-owned subsidiary, its share of the retained profits of the associated companies will be reflected in the accounts of the holding company.

17. OTHER INVESTMENTS	1989 £000	1988 £000
Cost at 1 January	16	16
Additions	58	4
Disposals	-	(4)
Cost and Net Book Value 31 December	74	16

18. DEBTORS

Due within one year:

Trade debtors	327,574	403,556
Amounts owed by group companies	16,663	30,325
Amounts owed by subsidiary companies	1,395	-
Amounts owed by related companies	3,129	4,822
Prepayments and accrued income	7,863	4,108
Other debtors	107	937
	356,731	443,748

Due after more than one year:

Trade debtors	11,449	5,414
Amounts owed by group companies	27	(1)
Amounts owed by related companies	(5)	(8)
	11,471	5,405
	368,202	449,153



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

	1989 £000	1988 £000
<b>19. CURRENT ASSET INVESTMENTS</b>		
Bills and Certificates of deposits	78,438	66,765
	<u>78,438</u>	<u>66,765</u>
<b>20. CREDITORS - falling due within one year</b>		
Trade creditors	496,625	567,242
Amounts owed to group companies	36,692	9,103
Amounts owed to subsidiary companies	8	294
Amounts owed to related companies	638	19
Taxation	6,376	11,845
Accruals and deferred income	1,864	1,622
Proposed dividend	-	6,809
Other creditors	4,672	5,762
Bank loans and overdrafts (note 22)	8,584	18,086
	<u>555,459</u>	<u>620,782</u>
<b>21. CREDITORS - falling due after more than one year</b>		
Trade creditors	13,071	5,976
Amounts owed to group companies	(185)	-
Accruals and deferred income	178	53
	<u>13,064</u>	<u>6,029</u>
<b>22. BANK LOANS AND OVERDRAFTS</b>		
Overdrafts	<u>8,584</u>	<u>18,086</u>

**Note:**

The bank overdrafts reflect balances recorded in the books of the company, and do not represent amounts on which bank interest is charged. The Company did not have any bank loans outstanding at 31 December 1989.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

	1989 £000	1988 £000
<b>23. LEASE COMMITMENTS</b>		
Operating leases :		
Payments committed to be made within one year:		
Land and Buildings :		
Expiry of lease :		
falling due within one year	-	1
falling due within two to five years	-	17
falling due after five years	-	-
	<hr/>	<hr/>
	-	18

**24. PROVISIONS FOR LIABILITIES AND CHARGES***Deferred Tax*

Balance at 1 January	(1,329)	1,207
Transfer to profit and loss account:	1,100	(2,041)
Advance Corporation Tax	(2,466)	-
Other	-	(495)
	<hr/>	<hr/>
Balance at 31 December	(2,695)	(1,329)
In respect of:		
Capital allowances	494	1,248
Advance Corporation Tax	(2,466)	-
Other timing differences	(723)	(2,577)
	<hr/>	<hr/>
	(2,695)	(1,329)

**25. SHARE CAPITAL AS AT 31 DECEMBER**

Authorised, allotted, issued and fully paid:		
5,000,000 ordinary shares of £1 each	5,000	1,000
	<hr/>	<hr/>

On 28 December 1989 the Company's authorised share capital was increased to £5,000,000, divided into 5,000,000 ordinary shares of £1 each. On the same date £4,000,000 of the Company's reserves were capitalised and an additional 4,000,000 ordinary shares of £1 each were issued to the existing shareholder on the basis of four ordinary shares for every one share held. The share issue was made by the Company as it felt it prudent at this time to improve its capital base.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

	1989 £000	1988 £000
<b>26. PROFIT AND LOSS ACCOUNT</b>		
Balance at 1 January	9,333	13,146
Capitalisation issue	(4,000)	-
Retained profit/(loss) for the year	1,557	(3,813)
	<hr/>	<hr/>
Balance at 31 December	6,890	9,333
	<hr/>	<hr/>
<b>27. CONTINGENT LIABILITIES</b>		
Guarantees to Bankers	258	269
	<hr/>	<hr/>

The Company has given in the ordinary course of its business certain indemnities in respect of marine certificates of insurance issued by underwriters. No liability arose during the year or in the preceding year in respect of these indemnities.

The Company has given an indemnity to the Lloyd's Underwriters Claims Reinsurance Office in respect of the acceptance by LUCRO of copies of the original policy. These indemnities amount to £69,126 (1988 - £69,126).

**Assets Subject to Floating Charge**

The Company has entered into a Deed as required by the Lloyd's Brokers' Bye-Law 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 Company's insurance broking creditors. The charge only becomes enforceable under certain circumstances as defined in the Deed. The assets subject to this charge at 31 December 1989 amounted to £553,564,276 and the Company's insurance broking creditors at that date amounted to £533,536,697. This Deed supplanted the floating charge, in respect of certain US dollar business, existing at 31 December 1988 under which deposits and cash balances amounting to £69,734,420 were charged in favour of a trustee for insurance broking creditors amounting to £323,762,751.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

## 28. DIRECTORS' INTERESTS

## (a) Shares

The undermentioned directors who held office on 31 December 1989 and whose interests are not reported in the accounts of the Company's holding company Willis Faber p.l.c. had the following interests in the ordinary shares of 12.5p each of Willis Faber p.l.c.

	1 January 1989 (or date of appointment)	31 December 1989
R.W. Barklam	399	504
	13,704 *	13,704 *
R.G.W. Dixon	3,712	3,799
	81,223 *	97,161 *
M.H. Duder	264	363
	85,957 *	99,593 *
M.D.T. Faber	273,429	177,207
	91,182 *	101,505 *
E.J.S. Garrett	5,260	9,906
	81,233 *	90,309 *
R.H. Gayner	4,261	5,911
	79,918 *	88,994 *
R.S. Gray	269	4,998
	30,918 *	35,029 *
M.A. Hedley	20,356	19,967
	85,792 *	101,707 *
C.N.F. Methven	10,640	10,962
	84,541 *	102,599 *
L.G.M. Morant	265	351
	58,105 *	68,991 *
J.H. Pelly	264	363
	28,110 *	44,048 *
A.D.M. Proctor	11,269	10,368
	36,679 *	35,552 *
D.N. Slade	4,093	4,192
	19,553 *	29,153 *
J.H.P. Taylor	13,126	13,260
	83,476 *	99,385 *
J.P. Turner	269	360
	44,446 *	44,446 *
M.C. White	6,260	6,359
	82,506 *	92,747 *
R.J. White	3,987	4,268
	36,279 *	36,238 *
H.V. White-Smith	43,664	43,750
	25,207 *	25,207 *
M.H. Woods	12,316	14,535
	80,435 *	88,840 *

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

28. DIRECTORS' INTERESTS (continued)

(a) Shares (continued)

	1 January 1989 (or date of appointment)	31 December 1989
N.P. Davenport	264	363
(appointed 25 January 1989)	37,261 *	46,351 *
G.M. Furby	1,925	7,767
(appointed 25 January 1989)	32,875 *	35,615 *
P. Hastings	269	368
(appointed 25 January 1989)	32,315 *	32,315 *
A.B. Hedgecock	269	4,998
(appointed 25 January 1989)	29,788 *	34,072 *
G.M. London	260	359
(appointed 25 January 1989)	2,254 *	15,890 *
A. Milsom	520	606
(appointed 25 January 1989)	36,687 *	51,034 *
E.I.J.G. Moss	269	368
(appointed 25 January 1989)	26,409 *	40,045 *
J. Sanderson	3,253	3,497
(appointed 25 January 1989)	31,553 *	46,342 *

\* Indicates shares under option schemes

(b) Contracts

- (1) The undermentioned directors and where applicable persons connected with them (as defined in section 346 of the Companies Act 1985) who held office during and at the end of the year are Underwriting Members of Lloyd's through the agency of Willis Faber & Dumas (Agencies) Limited ("WFDA") a member of the Willis Group.

R.B. Keville	G.R. Jones
Mrs. C.A. Keville	C.N.F. Methven
R.W. Barklam	A. Milsom
N.P. Davenport	E.I.J. Moss
R.G.W. Dixon	D.H. Payne
M.H. Duder	J.M. Pelly
M.D.T. Faber	A.D.M. Proctor
Mrs. C.S.G. Faber	J.V.H. Robins
C.M. Furby	J. Sanderson
E.J.S. Garrett	J.M.P. Taylor
Mrs. G.M. Garrett	J.P. Turner
R.S. Gray	M.C. White
P. Hastings	R.J. White
A.B. Hedgecock	H.V. White-Smith
M.A. Hedley	J.N.W. Wooderson
Mrs. A.G. Hedley	M.H. Woods

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

28. DIRECTORS' INTERESTS (continued)

(b) Contracts (continued)

WFDA receives a fee in respect of each of the above relating to his or her membership of Lloyd's.

Fees exceeding £5,000 were payable to WFDA during 1989 by the following directors including, where applicable, connected persons (as defined above):

M.D.T. Faber	£7,679	J.N.W. Wooderson	£ 8,792
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(ii) R.M. Salter, R.H. Gayner, C.M. London, L.G.M. Morant and D.N. Slade are also Underwriting Members of Lloyd's.

(iii) The Company and other insurance broking subsidiaries of the Willis Group place risks with the Syndicates, in which the Directors, or connected persons (as defined above) participate, in the normal course of their broking activities on the same basis as they do with other Lloyd's Syndicates.