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WALMSLEYS INSURANCE BROKERS LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997



WALMSLEYS INSURANCE BROKERS LIMITED

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for the Year Ended 31 December 1997**

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WALMSLEYS INSURANCE BROKERS LIMITED

COMPANY INFORMATION
for the Year Ended 31 December 1997

DIRECTORS:

E Walmsley
P R Williams

SECRETARY:

Mrs C A Brown

REGISTERED OFFICE:

Walmsley House
35 Dicconson Street
Wigan
Greater Manchester
WN1 2AS

REGISTERED NUMBER:

297801 (England and Wales)

AUDITORS:

John Fairhurst & Co
Registered Auditor
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
WN1 2TB

BANKERS:

National Westminster Bank Plc
4 Standishgate
Wigan
WN1 1UJ

WALMSLEYS INSURANCE BROKERS LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31 December 1997

The directors present their report with the financial statements of the company for the year ended 31 December 1997.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of insurance brokers and life assurance consultants.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No interim dividend was paid during the year. The directors recommend a final dividend of £18.67 per share.

The total distribution of dividends for the year ended 31 December 1997 will be £28,000.

DIRECTORS

The directors during the year under review were:

E Walmsley
P R Williams

The beneficial interests of the directors holding office on 31 December 1997 in the issued share capital of the company were as follows:

| | 31.12.97 | 1.1.97 |
|---------------------------|----------|--------|
| Ordinary £1 shares | | |
| E Walmsley | 780 | 780 |
| P R Williams | 360 | 360 |

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, John Fairhurst & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Mrs C A Brown - SECRETARY

Dated: 15-3-98

WALMSLEYS INSURANCE BROKERS LIMITED

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
WALMSLEYS INSURANCE BROKERS LIMITED**

We have audited the financial statements on pages four to nineteen which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on pages ten and eleven.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



John Fairhurst & Co
Registered Auditor
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
WN1 2TB

Dated: 19 March 1998

WALMSLEYS INSURANCE BROKERS LIMITED

**PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 1997**

| | | <u>1997</u> | | <u>1996</u> | |
|--|-------|-------------|------------------------|---------------|------------------------|
| | Notes | £ | £ | £ | £ |
| TURNOVER | 2 | | 1,556,365 | | 1,532,916 |
| GROSS PROFIT | | | 1,556,365 | | 1,532,916 |
| Administrative expenses | | | <u>1,528,403</u> | | <u>1,479,986</u> |
| | | | 27,962 | | 52,930 |
| Other operating income | | | <u>6,600</u> | | <u>6,600</u> |
| OPERATING PROFIT | 4 | | 34,562 | | 59,530 |
| Income from investments | | 7,093 | | 326 | |
| Interest receivable and similar income | 5 | | <u>37,363</u> | <u>31,284</u> | |
| | | | 44,456 | | 31,610 |
| | | | 79,018 | | 91,140 |
| Amounts written off investments | 6 | | <u>10,000</u> | | <u>10,000</u> |
| | | | 69,018 | | 81,140 |
| Interest payable and similar charges | 7 | | <u>13,889</u> | | <u>12,732</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | | 55,129 | | 68,408 |
| Tax on profit on ordinary activities | 8 | | <u>13,190</u> | | <u>19,432</u> |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | | 41,939 | | 48,976 |
| Dividends | 9 | | <u>28,000</u> | | <u>28,000</u> |
| | | | 13,939 | | 20,976 |
| Retained profit brought forward | | | <u>292,419</u> | | <u>271,443</u> |
| RETAINED PROFIT CARRIED FORWARD | | | <u>£306,358</u> | | <u>£292,419</u> |

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

The notes form part of these financial statements

WALMSLEYS INSURANCE BROKERS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the Year Ended 31 December 1997**

| | <u>1997</u> | <u>1996</u> |
|---|-----------------------|-----------------------|
| | £ | £ |
| PROFIT FOR THE FINANCIAL YEAR | 41,939 | 48,976 |
| Revaluation of investments | <u>-</u> | <u>17,454</u> |
| TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR | <u>£41,939</u> | <u>£66,430</u> |

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the Year Ended 31 December 1997**

| | <u>1997</u> | <u>1996</u> |
|--|---------------------------|---------------------------|
| | £ | £ |
| REPORTED PROFIT | | |
| ON ORDINARY ACTIVITIES BEFORE TAXATION | 55,129 | 68,408 |
| Revaluation of investments | <u>-</u> | <u>17,454</u> |
| HISTORICAL COST PROFIT | | |
| ON ORDINARY ACTIVITIES BEFORE TAXATION | <u>£55,129</u> | <u>£85,862</u> |
| Historical cost profit for the year retained after taxation and dividends | <u>£13,939</u> | <u>£38,430</u> |

The notes form part of these financial statements

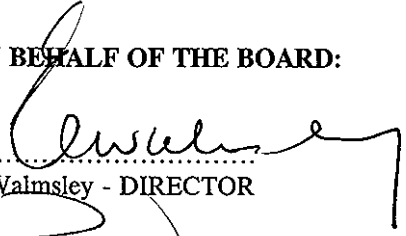
WALMSLEYS INSURANCE BROKERS LIMITED

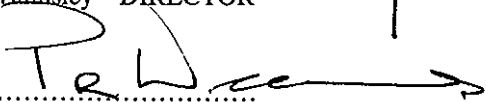
BALANCE SHEET

31 December 1997

| | | <u>1997</u> | | <u>1996</u> | |
|--|-------|------------------|------------------|------------------|------------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 10 | | 560,249 | | 499,111 |
| Investments | 11 | | <u>132,542</u> | | <u>186,232</u> |
| | | | 692,791 | | 685,343 |
| CURRENT ASSETS: | | | | | |
| Debtors | 12 | 500,830 | | 372,798 | |
| Cash at bank and in hand | | <u>745,521</u> | | <u>713,020</u> | |
| | | 1,246,351 | | 1,085,818 | |
| CREDITORS: Amounts falling due within one year | 13 | <u>1,372,264</u> | | <u>1,244,154</u> | |
| NET CURRENT LIABILITIES: | | | <u>(125,913)</u> | | <u>(158,336)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | 566,878 | | 527,007 |
| CREDITORS: Amounts falling due after more than one year | 14 | | (179,589) | | (161,487) |
| PROVISIONS FOR LIABILITIES AND CHARGES: | 18 | | <u>(17,662)</u> | | <u>(9,832)</u> |
| | | | <u>£369,627</u> | | <u>£355,688</u> |
| CAPITAL AND RESERVES: | | | | | |
| Called up share capital | 19 | | 1,500 | | 1,500 |
| Revaluation reserve | 20 | | 61,769 | | 61,769 |
| Profit and loss account | | | <u>306,358</u> | | <u>292,419</u> |
| Shareholders' funds | 22 | | <u>£369,627</u> | | <u>£355,688</u> |

ON BEHALF OF THE BOARD:


.....
E Walmsley - DIRECTOR


.....
P R Williams - DIRECTOR

Approved by the Board on 18.3.98.

The notes form part of these financial statements

WALMSLEYS INSURANCE BROKERS LIMITED

**CASH FLOW STATEMENT
for the Year Ended 31 December 1997**

| | | <u>1997</u> | | <u>1996</u> | |
|--|-------|-----------------|-----------------|---------------|-----------------|
| | Notes | £ | £ | £ | £ |
| Net cash inflow from operating activities | 1 | | 71,382 | | 204,457 |
| Returns on investments and servicing of finance | 2 | | 30,567 | | 18,878 |
| Taxation | | | (23,877) | | (25,577) |
| Capital expenditure and financial investment | 2 | | (68,750) | | 18,146 |
| Equity dividends paid | | | <u>(56,000)</u> | | <u>(28,000)</u> |
| | | | (46,678) | | 187,904 |
| Financing | 2 | | <u>79,179</u> | | <u>(59,720)</u> |
| Increase in cash in the period | | | <u>£32,501</u> | | <u>£128,184</u> |
| <hr/> | | | | | |
| Reconciliation of net cash flow to movement in net funds | 3 | | | | |
| Increase in cash in the period | | 32,501 | | 128,184 | |
| Cash (inflow)/outflow from (increase)/decrease in debt and lease financing | | <u>(54,182)</u> | | <u>31,929</u> | |
| Change in net funds resulting from cash flows | | | (21,681) | | 160,113 |
| New finance leases | | | <u>-</u> | | <u>(42,135)</u> |
| Movement in net funds in the period | | | (21,681) | | 117,978 |
| Net funds at 1 January 1997 | | | <u>667,798</u> | | <u>549,820</u> |
| Net funds at 31 December 1997 | | | <u>£646,117</u> | | <u>£667,798</u> |

The notes form part of these financial statements

WALMSLEYS INSURANCE BROKERS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 December 1997**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 1997 £ | 1996 £ |
|--|----------------------|-----------------------|
| Operating profit | 34,562 | 59,530 |
| Depreciation charges | 59,919 | 63,034 |
| Profit on sale of fixed assets | (8,617) | (10,439) |
| Revaluation of investments | - | (17,454) |
| (Increase)/Decrease in debtors | (120,947) | 64,075 |
| Increase in creditors | <u>106,465</u> | <u>45,711</u> |
| Net cash inflow from operating activities | <u>71,382</u> | <u>204,457</u> |

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

| | 1997 £ | 1996 £ |
|--|------------------------|------------------------|
| Returns on investments and servicing of finance | | |
| Interest received | 37,363 | 31,284 |
| Interest paid | (9,332) | (9,119) |
| Interest element of hire purchase payments | (4,557) | (3,613) |
| Dividends received | <u>7,093</u> | <u>326</u> |
| Net cash inflow for returns on investments and servicing of finance | <u>30,567</u> | <u>18,878</u> |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (149,272) | (59,679) |
| Cash payments - investmt purch | 43,690 | (1,925) |
| Sale of tangible fixed assets | <u>36,832</u> | <u>79,750</u> |
| Net cash (outflow)/inflow for capital expenditure | <u>(68,750)</u> | <u>18,146</u> |
| Financing | | |
| New loan taken out in year | 90,000 | - |
| Loan repayments in year | (47,821) | (45,429) |
| Amount introduced by directors | 37,000 | - |
| Amount withdrawn by directors | <u>-</u> | <u>(14,291)</u> |
| Net cash inflow/(outflow) from financing | <u>79,179</u> | <u>(59,720)</u> |

The notes form part of these financial statements

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 December 1997

3. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1/1/97 £ | Cash flow £ | At 31/12/97 £ |
|----------------------------------|-----------------|-----------------|------------------|
| Net cash: | | | |
| Cash at bank and in hand | <u>713,020</u> | <u>32,501</u> | <u>745,521</u> |
| | <u>713,020</u> | <u>32,501</u> | <u>745,521</u> |
| Debt: | | | |
| Hire purchase | <u>(45,222)</u> | <u>(54,182)</u> | <u>(99,404)</u> |
| | <u>(45,222)</u> | <u>(54,182)</u> | <u>(99,404)</u> |
| Total | <u>667,798</u> | <u>(21,681)</u> | <u>646,117</u> |
| Analysed in Balance Sheet | | | |
| Cash at bank and in hand | 713,020 | | 745,521 |
| Hire purchase | | | |
| within one year | (27,735) | | (51,815) |
| after one year | <u>(17,487)</u> | | <u>(47,589)</u> |
| | <u>667,798</u> | | <u>646,117</u> |

The notes form part of these financial statements

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 1997

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

This is net of insurance premium tax.

Tangible fixed assets and fixed asset investments

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

| | |
|--------------------------|---------------------------|
| Leasehold property | - not provided |
| Office furniture | - 15% on reducing balance |
| Improvements to property | - 2% on reducing balance |
| Computer equipment | - 20% on reducing balance |
| Office equipment | - 15% on reducing balance |
| Motor vehicles | - 25% on reducing balance |

The company purchased Bernard Wood (Lancashire) Limited. The cost is being amortised over thirteen years.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 1997

1. ACCOUNTING POLICIES - continued

Insurance broking debtors and creditors

Insurance brokers usually act as agents in placing the insurable risks of their client and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities. This recognises that the insurance broker is entitled to retain the investment income on any cash flows arising from these transactions.

Debtors and creditors arising from a transaction between client and insurers are recorded simultaneously. Consequently, there is a high level of correlation between the totals reported in respect of insurance broking debtors and insurance broking creditors.

The position of the insurance broker as agent means that generally the credit risk is borne by the principals. There can be circumstances where the insurance acquires credit risk - through statute, or through the act of omission of the insurance broker or of one of the principals. There is much legal uncertainty surrounding the circumstances and the extent of such exposures and consequently they cannot be evaluated. However, the total insurance broking debtors appearing in the balance sheet is not an indication of credit risk.

It is normal practice for insurance brokers to settle accounts with other intermediaries, clients, insurers and market settlement bureaux on a net basis. Thus, large changes in both insurance broking debtors and creditors can result from comparatively small cash settlements. For this reason the totals of insurance broking debtors and creditors give no indication of future cashflows.

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 substance of transactions" requires that the 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.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. STAFF COSTS

| | 1997 | 1996 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 962,318 | 919,256 |
| Social security costs | 95,580 | 93,747 |
| Other pension costs | 56,533 | 54,515 |
| | <u>1,114,431</u> | <u>1,067,518</u> |

The average monthly number of employees during the year was as follows:

| | 1997 | 1996 |
|----------------|-----------|-----------|
| Administration | <u>68</u> | <u>67</u> |

WALMSLEYS INSURANCE BROKERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1997**

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

| | 1997 | 1996 |
|--|---------------|---------------|
| | £ | £ |
| Hire of plant and machinery | 43,258 | 45,533 |
| Other operating leases | 10,075 | 10,075 |
| Depreciation - owned assets | 26,590 | 35,094 |
| Depreciation - assets on hire purchase contracts | 33,329 | 27,940 |
| Profit on disposal of fixed assets | (8,617) | (10,439) |
| Auditors' remuneration | <u>5,800</u> | <u>5,050</u> |
| Directors' emoluments | 217,054 | 173,617 |
| Directors' pension contributions to money purchase schemes | <u>30,018</u> | <u>30,018</u> |

The number of directors to whom retirement benefits were accruing was as follows:

| | | |
|------------------------|----------|----------|
| Money purchase schemes | <u>2</u> | <u>2</u> |
|------------------------|----------|----------|

Information regarding the highest paid director for the year ended 31 December 1997 is as follows:

| | |
|----------------|----------------|
| Emoluments etc | <u>118,453</u> |
|----------------|----------------|

5. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 1997 | 1996 |
|--------------------------|---------------|---------------|
| | £ | £ |
| Deposit account interest | 37,363 | 31,282 |
| Inland revenue interest | <u>-</u> | <u>2</u> |
| | <u>37,363</u> | <u>31,284</u> |

6. AMOUNTS WRITTEN OFF INVESTMENTS

| | 1997 | 1996 |
|----------------------------|---------------|---------------|
| | £ | £ |
| Amortisation of investment | <u>10,000</u> | <u>10,000</u> |

7. INTEREST PAYABLE AND SIMILAR CHARGES

| | 1997 | 1996 |
|---------------|---------------|---------------|
| | £ | £ |
| Bank interest | 9,332 | 9,119 |
| Hire purchase | <u>4,557</u> | <u>3,613</u> |
| | <u>13,889</u> | <u>12,732</u> |

WALMSLEYS INSURANCE BROKERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1997**

8. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

| | 1997 | 1996 |
|------------------------------|----------------------|----------------------|
| | £ | £ |
| UK Corporation Tax | 6,083 | 21,700 |
| Overprovision in prior years | (723) | (678) |
| Deferred taxation | <u>7,830</u> | <u>(1,590)</u> |
| | <u><u>13,190</u></u> | <u><u>19,432</u></u> |

UK Corporation Tax has been charged at 21.74% (1996 - 24%).

9. DIVIDENDS

| | 1997 | 1996 |
|----------------|----------------------|----------------------|
| | £ | £ |
| Equity shares: | | |
| Final ordinary | <u><u>28,000</u></u> | <u><u>28,000</u></u> |

10. TANGIBLE FIXED ASSETS

| | <u>Leasehold property</u> | <u>Office furniture</u> | <u>Improvem- ents to property</u> |
|------------------------|-------------------------------|-----------------------------|---|
| | £ | £ | £ |
| COST: | | | |
| At 1 January 1997 | 230,000 | 19,320 | 12,397 |
| Additions | <u>-</u> | <u>1,053</u> | <u>-</u> |
| At 31 December 1997 | <u><u>230,000</u></u> | <u><u>20,373</u></u> | <u><u>12,397</u></u> |
| DEPRECIATION: | | | |
| At 1 January 1997 | - | 10,184 | 491 |
| Charge for year | <u>-</u> | <u>1,426</u> | <u>238</u> |
| At 31 December 1997 | <u><u>-</u></u> | <u><u>11,610</u></u> | <u><u>729</u></u> |
| NET BOOK VALUE: | | | |
| At 31 December 1997 | <u><u>230,000</u></u> | <u><u>8,763</u></u> | <u><u>11,668</u></u> |
| At 31 December 1996 | <u><u>230,000</u></u> | <u><u>9,137</u></u> | <u><u>11,906</u></u> |

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1997

10. TANGIBLE FIXED ASSETS - continued

| | <u>Computer equipment</u> | <u>Office equipment</u> | <u>Motor vehicles</u> | <u>Totals</u> |
|-------------------------|-------------------------------|-----------------------------|---------------------------|----------------|
| | £ | £ | £ | £ |
| COST: | | | | |
| At 1 January 1997 | 165,576 | 154,384 | 180,804 | 762,481 |
| Additions | 71,601 | 2,840 | 73,778 | 149,272 |
| Disposals | - | - | (58,798) | (58,798) |
| At 31 December 1997 | <u>237,177</u> | <u>157,224</u> | <u>195,784</u> | <u>852,955</u> |
| DEPRECIATION: | | | | |
| At 1 January 1997 | 117,269 | 92,491 | 42,935 | 263,370 |
| Charge for year | 9,951 | 9,658 | 38,646 | 59,919 |
| Eliminated on disposals | - | - | (30,583) | (30,583) |
| At 31 December 1997 | <u>127,220</u> | <u>102,149</u> | <u>50,998</u> | <u>292,706</u> |
| NET BOOK VALUE: | | | | |
| At 31 December 1997 | <u>109,957</u> | <u>55,075</u> | <u>144,786</u> | <u>560,249</u> |
| At 31 December 1996 | <u>48,307</u> | <u>61,892</u> | <u>137,869</u> | <u>499,111</u> |

In accordance with Statement of Standard Accounting Practice No 19, the leasehold property has not been subject to depreciation as the unexpired term of the lease exceeds 25 years. The directors do not consider that the leasehold property is held in the balance sheet at a figure greater than market value.

The leasehold property was revalued at 31 December 1992. The term of the lease is 999 years from 2 February 1877. At December 1992 there were 883 years left.

The property has been revalued at £230,000. The depreciation over 883 years would equate to £260 per annum. Over the five years to 1997 this would accumulate to £1,300.

If the rate of 2% per annum was considered, the cumulated depreciation to 1997 would be £23,000.

The net book value of tangible fixed assets includes £192,833 (1996 - £115,890) in respect of assets held under hire purchase contracts.

WALMSLEYS INSURANCE BROKERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1997**

11. FIXED ASSET INVESTMENTS

| | |
|---------------------------|-----------------------|
| | £ |
| COST OR VALUATION: | |
| At 1 January 1997 | 196,232 |
| Disposals | <u>(43,690)</u> |
| At 31 December 1997 | <u>152,542</u> |
| PROVISIONS: | |
| At 1 January 1997 | 10,000 |
| Provision during year | <u>10,000</u> |
| At 31 December 1997 | <u>20,000</u> |
| NET BOOK VALUE: | |
| At 31 December 1997 | <u><u>132,542</u></u> |
| At 31 December 1996 | <u><u>186,232</u></u> |

Cost or valuation at 31 December 1997 is represented by:

| | |
|-------------------|-----------------------|
| | £ |
| Valuation in 1996 | 17,454 |
| Cost | <u>135,088</u> |
| | <u><u>152,542</u></u> |

| | | |
|---|-----------------------|-----------------------|
| | 1997 | 1996 |
| | £ | £ |
| Investments listed on recognised stock exchange | 23,047 | 23,047 |
| Unlisted investments | <u>109,495</u> | <u>163,185</u> |
| | <u><u>132,542</u></u> | <u><u>186,232</u></u> |

Market value of listed investments at 31 December 1997 - £321,352 (1996 - £190,944).

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Bernard Wood (Lancashire) Limited

Nature of business: dormant

| | |
|------------------|-------------------|
| Class of shares: | % |
| Ordinary | holding 100.00 |

| | | |
|--------------------------------|----------------------|----------------------|
| | 31/3/97 | 31/3/96 |
| | £ | £ |
| Aggregate capital and reserves | <u><u>14,361</u></u> | <u><u>14,361</u></u> |

WALMSLEYS INSURANCE BROKERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1997**

**12. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | 1997 £ | 1996 £ |
|-----------------|----------------|----------------|
| Trade debtors | 457,579 | 345,236 |
| Other debtors | 4,269 | 350 |
| Prepayments | 24,982 | 20,294 |
| ACT recoverable | <u>14,000</u> | <u>6,918</u> |
| | <u>500,830</u> | <u>372,798</u> |

**13. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | 1997 £ | 1996 £ |
|--|------------------|------------------|
| Bank loans and overdrafts (see note 15) | 12,000 | 12,000 |
| Hire purchase contracts (see note 16) | 51,815 | 27,735 |
| Trade creditors | 1,101,547 | 982,009 |
| Other creditors | 1,531 | 35,260 |
| Amounts due to group companies | 9,362 | 14,362 |
| Directors' current accounts | 64,000 | 27,000 |
| Dividend proposed | - | 28,000 |
| Social security & other taxes | 76,828 | 68,436 |
| Taxation | 6,083 | 17,917 |
| ACT payable | 399 | - |
| Accrued expenses | <u>48,699</u> | <u>31,435</u> |
| | <u>1,372,264</u> | <u>1,244,154</u> |

**14. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

| | 1997 £ | 1996 £ |
|--|----------------|----------------|
| Bank loans (see note 15) | 132,000 | 144,000 |
| Hire purchase contracts (see note 16) | <u>47,589</u> | <u>17,487</u> |
| | <u>179,589</u> | <u>161,487</u> |

WALMSLEYS INSURANCE BROKERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1997**

15. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

| | 1997 £ | 1996 £ |
|---|---------------|---------------|
| Amounts falling due within one year or on demand: | | |
| Bank loans | <u>12,000</u> | <u>12,000</u> |
| Amounts falling due between one and two years: | | |
| Bank loans | <u>12,000</u> | <u>12,000</u> |
| Amounts falling due between two and five years: | | |
| Bank loans | <u>36,000</u> | <u>36,000</u> |
| Amounts falling due in more than five years: | | |
| Repayable otherwise than by instalments | | |
| Bank loans | <u>84,000</u> | <u>96,000</u> |

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

| | 1997 £ | 1996 £ |
|------------------------------|--|---------------|
| | Hire purchase contracts | |
| Gross obligations repayable: | | |
| Within one year | 58,895 | 32,292 |
| Between one and five years | <u>54,538</u> | <u>19,988</u> |
| | <u>113,433</u> | <u>52,280</u> |
| Finance charges repayable: | | |
| Within one year | 7,080 | 4,557 |
| Between one and five years | <u>6,949</u> | <u>2,501</u> |
| | <u>14,029</u> | <u>7,058</u> |
| Net obligations repayable: | | |
| Within one year | 51,815 | 27,735 |
| Between one and five years | <u>47,589</u> | <u>17,487</u> |
| | <u>99,404</u> | <u>45,222</u> |

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1997

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following payments are committed to be paid within one year:

| | Operating leases | | | |
|-------------------------|--------------------|---------------|---------------|---------------|
| | Land and buildings | | Other | |
| | 1997 | 1996 | 1997 | 1996 |
| | £ | £ | £ | £ |
| Expiring: | | | | |
| Within one year | - | - | 17,379 | 17,151 |
| In more than five years | <u>28,000</u> | <u>28,000</u> | - | - |
| | <u>28,000</u> | <u>28,000</u> | <u>17,379</u> | <u>17,151</u> |

17. SECURED DEBTS

The following secured debts are included within creditors:

| | 1997 | 1996 |
|-------------------------|----------------|----------------|
| | £ | £ |
| Bank loans | 144,000 | 156,000 |
| Hire purchase contracts | <u>99,404</u> | <u>45,222</u> |
| | <u>243,404</u> | <u>201,222</u> |

The loan is secured by a legal charge dated 18 April 1978 in favour of National Westminster Bank Plc on land and buildings at 35 Dicconson Street, Wigan.

18. PROVISIONS FOR LIABILITIES AND CHARGES

| | 1997 | 1996 |
|-----------------------------|--------------------------|--------------|
| | £ | £ |
| Deferred taxation | <u>17,662</u> | <u>9,832</u> |
| | Deferred taxation | |
| | £ | |
| Balance at 1 January 1997 | 9,832 | |
| Charge to profit & loss | <u>7,830</u> | |
| Balance at 31 December 1997 | <u>17,662</u> | |

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1997

18. PROVISIONS FOR LIABILITIES AND CHARGES - continued

Deferred taxation for which provision has been made in the financial statements and the amounts for which no provision has been made, are as follows:

| | Provided | | Not provided | |
|--------------------------------|-----------------|--------------|---------------------|---------------|
| | 1997 | 1996 | 1997 | 1996 |
| | £ | £ | £ | £ |
| Accelerated capital allowances | 17,662 | 9,832 | - | - |
| Listed investments | <u>-</u> | <u>-</u> | <u>66,047</u> | <u>41,974</u> |
| | <u>17,662</u> | <u>9,832</u> | <u>66,047</u> | <u>41,974</u> |

19. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 1997 | 1996 |
|---------|----------|----------------|--------------|--------------|
| | | | £ | £ |
| 1,500 | Ordinary | £1 | <u>1,500</u> | <u>1,500</u> |

20. REVALUATION RESERVE

| | 1997 | 1996 |
|-----------------|---------------|---------------|
| | £ | £ |
| Brought forward | <u>61,769</u> | <u>61,769</u> |

21. CONTINGENT LIABILITIES

The net amount of Indemnity commission included in the financial statements for the year is £78,955.

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 1997 | 1996 |
|--|-----------------------|-----------------------|
| | £ | £ |
| Profit for the financial year | 41,939 | 48,976 |
| Dividends | <u>(28,000)</u> | <u>(28,000)</u> |
| | 13,939 | 20,976 |
| Other recognised gains and losses relating to the year (net) | - | 17,454 |
| Revaluation of investments | <u>-</u> | <u>(17,454)</u> |
| NET ADDITION TO SHAREHOLDERS' FUNDS | 13,939 | 20,976 |
| Opening shareholders' funds | <u>355,688</u> | <u>334,712</u> |
| CLOSING SHAREHOLDERS' FUNDS | <u>369,627</u> | <u>355,688</u> |
| Equity interests | <u>369,627</u> | <u>355,688</u> |