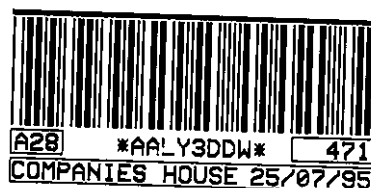


WALMSLEYS INSURANCE BROKERS LIMITED  
DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1994



COMPANY REGISTRATION NUMBER: 297801

WALMSLEYS INSURANCE BROKERS LIMITED

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WALMSLEYS INSURANCE BROKERS LIMITED

COMPANY INFORMATION

DIRECTORS

Edward Walmsley  
Philip Roy Williams  
Mrs Ann Walmsley

SECRETARY

Mrs Ann Walmsley

REGISTERED OFFICE

Walmsley House  
35 Dicconson Street  
Wigan

AUDITORS

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

BANKERS

National Westminster Bank Plc  
4 Standishgate  
Wigan

# WALMSLEYS INSURANCE BROKERS LIMITED

## REPORT OF THE DIRECTORS

The directors present their report and the financial statements of the company for the year ended 31 December 1994.

### 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 year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

### 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 are set out on page five and the profit on ordinary activities before taxation is as expected given current trading conditions.

Adequate finance has been obtained to take advantage of business opportunities and the directors consider the state of affairs to be satisfactory.

### DIVIDEND

The directors recommend that a dividend on the Ordinary shares of £18.66 per share be paid for the year, amounting to £28,000, and that the retained profit of £3,242 be added to reserves.

### FIXED ASSETS

The changes in fixed assets, details of which are set out in the notes to the annexed financial statements, arose out of normal business requirements.

In the opinion of the directors the value of the company's land and buildings is not materially different from the book value included in these financial statements.

# WALMSLEYS INSURANCE BROKERS LIMITED

## REPORT OF THE DIRECTORS

### DIRECTORS

The directors in office during the year and their beneficial interests in the issued share capital were as follows:

	Class of Capital	1994	1993
Edward Walmsley	Ordinary £1	780	780
Philip Roy Williams	Ordinary £1	360	360
Mrs Ann Walmsley	Ordinary £1	-	-

### POLITICAL AND CHARITABLE DONATIONS

During the year the company made charitable donations amounting to £1,317.

### AUDITORS

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

This report was approved by the board on 21.7.95

Signed on behalf of the board of directors,



Mrs Ann Walmsley - Secretary

WALMSLEYS INSURANCE BROKERS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF  
WALMSLEYS INSURANCE BROKERS LIMITED

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out in note 1.

**Respective Responsibilities of Directors and Auditors**

As described on page 2 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.

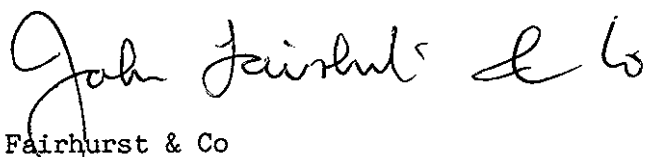
**Basis of Opinion**

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1994 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 21.7.95

WALMSLEYS INSURANCE BROKERS LIMITED

PROFIT AND LOSS ACCOUNT  
for the Year Ended 31 December 1994

	Notes	1994 £	1993 £
TURNOVER	1	1,307,810	1,247,862
Administrative Expenses		(1,276,297)	(1,233,853)
OPERATING PROFIT	2	31,513	14,009
Profit on Disposal of Tangible Fixed Assets		1,184	4,938
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		32,697	18,947
Interest Receivable and Similar Income	5	22,861	30,485
Interest Payable	6	(5,071)	(6,422)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		50,487	43,010
Tax on Profit on Ordinary Activities	7	(19,245)	(15,002)
PROFIT FOR THE FINANCIAL YEAR		31,242	28,008
Dividends	8	(28,000)	(28,000)
RETAINED PROFIT FOR THE YEAR		3,242	8
Retained Profit brought forward		249,291	249,280
RETAINED PROFIT CARRIED FORWARD		252,533	249,288

There are no recognised gains or losses other than those included  
in the profit and loss account.

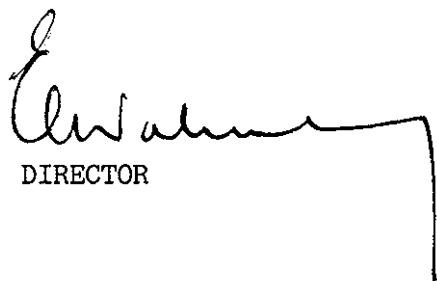
The notes form part of these financial statements

WALMSLEYS INSURANCE BROKERS LIMITED

BALANCE SHEET  
As at 31 December 1994

	Notes	1994 £	1993 £
<b>FIXED ASSETS</b>			
Tangible Assets	9	445,713	461,107
Investments	10	205,373	19,036
		<u>651,086</u>	<u>480,143</u>
<b>CURRENT ASSETS</b>			
Debtors	11	391,391	285,679
Cash at Bank and In Hand		626,231	719,164
		<u>1,017,622</u>	<u>1,004,843</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>(1,176,014)</u>	<u>(1,051,889)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(158,392)</u>	<u>(47,046)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>492,694</u>	<u>433,097</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	13	(168,517)	(110,187)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred Taxation	16	(8,375)	(10,353)
		<u>315,802</u>	<u>312,557</u>
<b>CAPITAL AND RESERVES</b>			
Called Up Share Capital	17	1,500	1,500
Revaluation Reserve		61,769	61,769
Profit & Loss Account		252,533	249,288
<b>Shareholders' Funds</b>	18	<u>315,802</u>	<u>312,557</u>

Approved by the Board of Directors on 21.7.95  
and signed on its behalf:

  
DIRECTOR

The notes form part of these financial statements



WALMSLEYS INSURANCE BROKERS LIMITED

CASH FLOW STATEMENT  
for the Year Ended 31 December 1994

	1994	1993
	£	£
NET CASH FLOW FROM OPERATING ACTIVITIES	181,946	(11,758)
RETURNS ON INVESTMENTS & SERVICING OF FINANCE		
Interest Received	22,861	30,485
Interest Paid Including Interest on Finance Lease and Hire	(5,071)	(6,422)
Purchase Rental Payments	(28,000)	(28,000)
Dividends paid		
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS & SERVICING OF FINANCE	(10,210)	(3,937)
TAXATION		
Corporation Tax paid	(19,991)	(10,836)
INVESTING ACTIVITIES		
Payments to Acquire Tangible Fixed Assets Excluding Those on Finance Leases and Hire		
Purchase Contracts	(213,224)	(34,828)
Receipts from Sales of Tangible Fixed Assets	3,701	35,771
Purchase of Fixed Asset Investments	(13,116)	(6,036)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(222,639)	(5,093)
NET CASH OUTFLOW BEFORE FINANCING	(70,894)	(31,624)
FINANCING		
Hire Purchase Repayments	(16,039)	(57,033)
Bank Loan Repayments	(6,000)	(6,000)
NET CASH OUTFLOW FROM FINANCING	(22,039)	(63,033)
DECREASE IN CASH & CASH EQUIVALENTS	(92,304)	(94,657)

The notes form part of these financial statements

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE CASH FLOW STATEMENT  
for the Year Ended 31 December 1994

	1994 £	1993 £
a) Reconciliation of Operating Profit to net cash inflow from operating activities		
Operating Profit	31,513	14,009
Depreciation	57,014	52,391
(Increase) Decrease in Debtors	(105,712)	65,116
Increase (Decrease) in Creditors	199,131	(143,274)
Net cash flow from Operating activities	<u>181,946</u>	<u>(11,758)</u>

b) Analysis of changes in cash and cash equivalents during the year

	£
Balance at 31 December 1992	813,821
Net Cash Outflow	<u>(94,657)</u>
Balance at 31 December 1993	719,164
Net Cash Outflow	<u>(92,933)</u>
Balance at 31 December 1994	<u>626,231</u>

c) Analysis of the balance of cash and cash equivalents during the year

	1994 £	1993 £	Change in Year 1994 £	1993 £
Cash at Bank and in Hand	<u>626,231</u>	<u>719,164</u>	<u>(92,933)</u>	<u>(94,657)</u>
	<u>626,231</u>	<u>719,164</u>	<u>(92,933)</u>	<u>(94,657)</u>

d) Analysis of Changes in Financing during the year

	Balance B/F £	Cash Inflow £	Cash Outflow £	New HP/ Leases £	Balance C/F
1994					
Hire Purchase	20,678	—	(16,039)	4,131	8,770
Bank Loans	110,000	—	(6,000)	—	104,000
	<u>130,678</u>	<u>—</u>	<u>(22,039)</u>	<u>4,131</u>	<u>112,770</u>

The notes form part of these financial statements

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 1994

1. ACCOUNTING POLICIES

**Basis of Accounting**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with applicable accounting standards. The financial statements include the results of the company's activities described in the directors report, all of which are continuing.

The company and its subsidiaries comprise a medium sized group. The company has therefore taken advantage of section 248 of the Companies Act 1985 not to prepare group accounts. The financial statements therefore present information about the company as an individual undertaking and not about its group.

**Turnover**

Turnover comprises the invoiced value of services provided by the company, net of insurance premium tax, and arose wholly in the United Kingdom.

**Tangible Fixed Assets**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided, after taking account of any grants receivable, at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Property	- not provided
Office Furniture	- 15% on reducing balance
Computer Equipment	- 20% on reducing balance
Office Equipment	- 15% on reducing balance
Motor Vehicles	- 25% on reducing balance

**Leasing and Hire Purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

# WALMSLEYS INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 1994

### 1. ACCOUNTING POLICIES CONTINUED

#### Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

#### Deferred Taxation

Provision is made at current rates for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation purposes, using the liability method, only to the extent that, in the opinion of the directors, there is reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

### 2. OPERATING PROFIT

The Operating Profit is stated after charging:

	1994 £	1993 £
Operating Lease Rentals		
- hire of plant and machinery	5,204	3,905
- land and buildings	13,229	13,811
- other assets	6,852	5,125
Depreciation of Tangible Fixed Assets		
- owned by the company	46,060	38,468
- held under finance leases and hire purchase contracts	10,954	13,923
Auditor's Remuneration		
- audit fee	4,700	4,500
- other fees	11,473	6,362
	<u>114,419</u>	<u>86,194</u>

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 1994

3. STAFF COSTS

Staff Costs, including directors' remuneration, were as follows:

	1994 £	1993 £
Wages and Salaries	827,127	799,439
Social Security Costs	64,303	73,886
Other Pension Costs	49,840	45,439
	<u>941,270</u>	<u>918,764</u>

The average weekly number of employees, including directors, during the year were as follows:

	1994	1993
Administration	<u>53</u>	<u>53</u>

4. DIRECTORS' REMUNERATION

Directors emoluments were:

	1994 £	1993 £
Management Remuneration	193,587	213,667
Pension Costs	30,000	30,000
	<u>223,587</u>	<u>243,667</u>

The emoluments of the chairman, excluding pension contributions were £86,544 (1993 - £101,618), and of the highest paid director £104,131 (1993 - £109,160). Other directors emoluments, excluding pension contributions, fell within the following ranges.

	1994 No.	1993 No.
Nil - £5,000	<u>1</u>	<u>1</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	1994 £	1993 £
Bank Interest	22,615	30,478
Dividends Received	246	7
	<u>22,861</u>	<u>30,485</u>

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 1994 .

6.	INTEREST PAYABLE	1994 £	1993 £
	On Bank Loans, and Other Loans wholly repayable Within Five Years	64	-
	On Bank Loans not wholly repayable within five years	2,948	3,003
	Finance Leases and Hire Purchase Contracts	2,059	3,419
		<u>5,071</u>	<u>6,422</u>
7.	TAX ON PROFIT ON ORDINARY ACTIVITIES	1994 £	1993 £
	Based on the results of the year:		
	UK Corporation Tax at 25% (1993 - 25%)	19,984	10,797
	Underprovided in Previous Years	1,239	
	Transfer (from)/to Deferred Taxation	(1,978)	4,205
		<u>19,245</u>	<u>15,002</u>
8.	DIVIDENDS	1994 £	1993 £
	Dividends on ordinary shares:		
	Paid	28,000	28,000

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 1994

9. TANGIBLE FIXED ASSETS

	Leasehold Property £	Office Furniture £	Computer Equipment £
<b>Cost / Valuation</b>			
As at 1 January 1994	230,000	15,114	134,145
Additions	-	236	18,256
	<hr/>	<hr/>	<hr/>
As at 31 December 1994	230,000	15,350	152,401
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
As at 1 January 1994	-	5,466	75,041
Charge for Year	-	1,483	15,472
	<hr/>	<hr/>	<hr/>
As at 31 December 1994	-	6,949	90,513
	<hr/>	<hr/>	<hr/>
<b>Net Book Values</b>			
As at 31 December 1994	230,000	8,401	61,888
	<hr/>	<hr/>	<hr/>
As at 31 December 1993	230,000	9,648	59,104
	<hr/>	<hr/>	<hr/>
<b>Net Book Value of Leased Assets - included in above</b>			
As at 31 December 1994	-	-	-
	<hr/>	<hr/>	<hr/>
As at 31 December 1993	-	-	-
	<hr/>	<hr/>	<hr/>

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 1994

	Office Equipment £	Motor Vehicles £	Totals £
<b>Cost / Valuation</b>			
As at 1 January 1994	101,520	168,838	649,617
Additions	7,506	18,136	44,134
Disposals	(517)	(9,035)	(9,552)
As at 31 December 1994	108,509	177,939	684,199
<b>Depreciation</b>			
As at 1 January 1994	62,589	45,411	188,507
Charge for Year	6,888	33,171	57,014
Eliminated on Disposals	(288)	(6,747)	(7,035)
As at 31 December 1994	69,189	71,835	238,486
<b>Net Book Values</b>			
As at 31 December 1994	39,320	106,104	445,713
As at 31 December 1993	38,929	123,426	461,107
<b>Net Book Value of Leased Assets - included in above</b>			
As at 31 December 1994	-	-	-
As at 31 December 1993	-	96,562	96,562

In accordance with SSAP 19, the leasehold property has not been subject to depreciation as the unexpired term on 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.

10. INVESTMENTS

	1994 £	1993 £
Investments listed on recognised stock exchange:		
Cost	9,036	3,000
Additions at cost	13,116	6,036
	22,152	9,036
Unlisted investments at cost	10,000	10,000
Additions at cost	173,221	-
	205,373	19,036

Market value of listed investments at 31 December 1994 - £101,493 (1993 - £116,823).



# WALMSLEYS INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 1994

The company's investment in its subsidiary undertakings is as follows:

- i) Walmsleys Penlife (Wigan) Limited, a company incorporated in England. The investment represents the cost of acquisition of the whole of the ordinary share capital, amounting to £10,000.

The company was dormant throughout the year and at 31 December 1994 the aggregate of the subsidiaries share capital and reserves amounted to £5,405.

- ii) Bernard Wood Lancashire Limited, a company incorporated in England. The investment of £173,211 represents the cost of acquisition of the whole of the ordinary share capital. The principal activity of the company is that of insurance brokers and at 30 November 1994, the aggregate of share capital and reserves amounted to £22,251 and the profit for the year was £11,638.

### 11. DEBTORS

	1994 £	1993 £
Trade Debtors	375,857	271,866
Other Debtors	22	855
Prepayments	15,512	12,958
	<u>391,391</u>	<u>285,679</u>

### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1994 £	1993 £
Bank Loans and Overdrafts (see note 14)	6,000	6,000
Trade Creditors	931,651	853,260
Corporation Tax	12,985	11,753
Other Taxes and Social Security	54,633	66,834
Hire Purchase and Finance Leases (see note 15)	8,253	14,491
Directors Current Accounts	39,600	46,200
Other Creditors	91,795	24,589
Accrued Expenses	3,097	762
Proposed Dividend	28,000	28,000
	<u>1,176,014</u>	<u>1,051,889</u>

### 13. CREDITORS: AMOUNTS FALLING AFTER MORE THAN ONE YEAR

	1994 £	1993 £
Bank Loans and Overdrafts (see note 14)	98,000	104,000
Other Creditor	70,000	-
Hire Purchase and Finance Leases (see note 15)	517	6,187
	<u>168,517</u>	<u>110,187</u>

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 1994

14. BANK LOANS AND OVERDRAFTS

The bank loan is subject to interest at the market rate prevailing at the time of the advance and is repayable by instalments. The aggregate amount of instalments falling due after more than five years is £44,000 (1993 - £50,000).

SECURITY

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.

15. FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The finance leases and hire purchase contracts are secured on the assets concerned and are repayable by instalments as follows:

	1994 £	1993 £
Within one year	8,253	14,491
Between two and five years	517	6,187
	<u>8,770</u>	<u>20,678</u>

16. DEFERRED TAXATION

Deferred taxation has been provided for as follows:

	1994 £	1993 £
Accelerated Capital Allowances	<u>8,375</u>	<u>10,353</u>

17. CALLED UP SHARE CAPITAL

	1994 £	1993 £
Authorised 1,500 Ordinary Shares of £1 each	<u>1,500</u>	<u>1,500</u>
Allotted, Issued and Fully Paid 1,500 Ordinary Shares of £1 each	<u>1,500</u>	<u>1,500</u>

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 1994

18. MOVEMENT OF SHAREHOLDERS' FUNDS

	1994	1993
	£	£
Profit for the Year	31,242	28,008
Dividend	(28,000)	(28,000)
	<hr/>	<hr/>
Retained Profit for the Year	3,242	8
Shareholders' Funds at 1 January 1994	312,560	312,549
	<hr/>	<hr/>
Shareholders' Funds at 31 December 1994	<u>315,802</u>	<u>312,557</u>

19. CONTINGENT LIABILITY

The net amount of Indemnity Commission included in the accounts is £77,980 (1993 - £72,260).