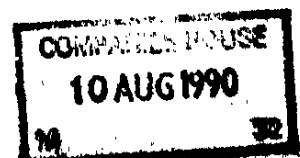


487966.

REALTY INSURANCES LIMITED

ACCOUNTS

31ST DECEMBER 1989



REALTY INSURANCES LIMITED

DIRECTORS' REPORT

The directors submit their report together with the accounts for the year ended 31st December 1989.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company's principal activity is as insurance managers registered by the Insurance Brokers Registration Council.

The directors do not anticipate any significant change in the activity of the Company and its profitability.

2. DIRECTORS

The directors of the Company during the year were:

J N C James - Chairman  
M P L Tompsett - Managing Director (appointed 1st April 1989)  
D J A Tuohy  
A B Roberts (appointed 1st April 1989)  
C M D Hague (appointed 1st April 1989)

Mr J N C James will retire by rotation at the forthcoming Annual General Meeting and, being eligible, will offer himself for re-election.

3. TANGIBLE FIXED ASSETS

Changes in tangible fixed assets are shown in note 5 to the accounts.

4. RESULTS AND DIVIDENDS

The profit on ordinary activities before taxation was £262,739. The directors do not propose the payment of a dividend. The balance after taxation has been transferred to reserves.

The state of the Company's affairs at 31st December 1989 is fully set out in the attached balance sheet.

5. DIRECTORS' INTERESTS IN SHARE CAPITAL

Mr J N C James is also a director of the holding company and therefore exempt from disclosing his interest in shares in group companies in this report.

The other directors had no interest in the share or loan capital of the Company or other group companies at 1st January and 31st December 1989.

6. AUDITORS

Messrs Saffery Champness have expressed their willingness to continue in office as auditors of the Company and a resolution proposing their re-appointment will be placed before the Annual General Meeting.

By Order of the Board

  
W R HOLLAND  
Secretary

19<sup>th</sup> April 1990

REALTY INSURANCES LIMITED

AUDITORS' REPORT TO THE MEMBERS OF THE COMPANY

We have audited the financial statements on pages 3 to 9 in accordance with Auditing Standards.

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



SAFFERY CHAMPNESS  
Chartered Accountants

Fairfax House  
Fulwood Place  
Gray's Inn  
London WC1V 6UB

19<sup>th</sup> April 1990

REALTY INSURANCES LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER 1989

	<u>NOTES</u>	<u>1989</u>	<u>1988</u>
<u>Turnover</u> - gross commission received		916,257	758,862
Cost of sales		(197,363)	(244,320)
Gross Profit		718,894	514,542
Other operating expenses - administrative expenses		(463,855)	(442,698)
<u>Operating profit</u>	2	255,039	71,844
Interest	3	7,700	4,637
<u>Profit on ordinary activities before taxation</u>		262,739	76,481
Taxation	4	(97,261)	(32,055)
<u>Profit for the year after taxation</u>		165,478	44,426
Balance brought forward		909,029	864,603
<u>Balance carried forward</u>		<u>£1,074,507</u>	<u>£909,029</u>
		=====	=====

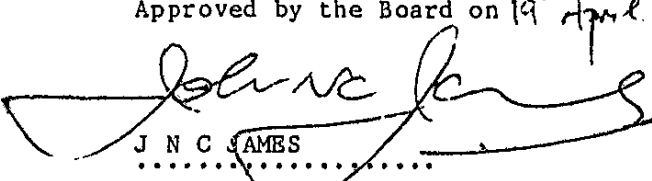
REALTY INSURANCES LIMITED


BALANCE SHEET

31ST DECEMBER 1989

	<u>NOTES</u>	<u>1989</u>	<u>1988</u>
<u>Tangible Fixed Assets</u>	5	61,271	91,279
		-----	-----
<u>Current Assets</u>			
Debtors	7	1,067,425	632,476
Cash at bank and in hand		519,862	656,239
		-----	-----
		1,587,287	1,288,715
<u>Creditors : Amounts falling due within one year</u>	8	(573,850)	(470,764)
		-----	-----
<u>Net Current Assets</u>		1,013,437	817,951
		-----	-----
<u>Total Assets Less Current Liabilities</u>		£1,074,708	£909,230
		=====	=====
 <u>Capital And Reserves</u>			
Called up share capital	9	201	201
Profit and loss account		1,074,507	909,029
		-----	-----
		£1,074,708	£909,230
		=====	=====

Approved by the Board on 19<sup>th</sup> April 1990

  
J N C JAMES

 Directors  
M P L TOMPSETT

REALTY INSURANCES LIMITED  
STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
YEAR ENDED 31ST DECEMBER 1989

	<u>1989</u>	<u>1988</u>
<u>Source of Funds</u>		
<u>Funds generated from operations</u>		
Profit for year before taxation	262,739	76,481
Adjustment for item not involving the movement of funds: depreciation	32,797	35,926
	-----	-----
	£295,536	£112,407
	=====	=====
<u>Application of Funds</u>		
<u>General applications</u>		
Purchases less sales of fixed assets	2,789	95,357
Taxation paid	82,516	-
	-----	-----
	85,305	95,357
	-----	-----
<u>Increase/(Decrease) in working capital</u>		
Due by Grosvenor Estate Holdings	291,351	(173,500)
Debtors	143,598	53,924
Creditors	(119,972)	(82,041)
Due to group company	31,460	15,116
	-----	-----
	346,437	(186,501)
	-----	-----
	431,742	(91,144)
<u>(Decrease)/Increase in liquid funds</u>		
Bank and cash balances	(136,206)	203,551
	-----	-----
	£295,536	£112,407
	=====	=====

REALTY INSURANCES LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST DECEMBER 1989

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided at rates calculated to write off the cost of assets evenly over their expected useful lives as follows:

Office equipment - 12.5% or 25% per annum  
Motor vehicles - 25% per annum

Pension costs (See also Note 10)

Defined benefit pension scheme:

The cost of providing pension benefits is charged to Profit and Loss Account over the the periods benefiting the employees' services.

Defined contribution pension scheme:

Contributions payable for the year are charged to Profit and Loss Account.

2. OPERATING PROFIT ON ORDINARY ACTIVITIES

The profit on ordinary activities is stated after charging:

	<u>1989</u>	<u>1988</u>
Depreciation	£32,797	£35,926
Auditors' remuneration	£5,175	£3,680
	=====	=====

Employees

Staff costs during the year :

Wages and salaries	183,687	150,704
Social security costs	14,225	13,090
Other pension costs	39,269	38,062
	-----	-----
	£237,181	£201,856
	=====	=====

The average weekly number of persons employed by the Company during the year was:

	<u>Number</u>	<u>Number</u>
Administrative	8	8
	==	==

REALTY INSURANCES LIMITEDNOTES TO THE ACCOUNTS (continued)YEAR ENDED 31ST DECEMBER 19892. OPERATING PROFIT ON ORDINARY ACTIVITIES (continued)Directors' Emoluments

	<u>1989</u>	<u>1988</u>
Staff costs include the following emoluments in respect of directors of the Company:		
Fees	1,000	-
Other emoluments	154,854	51,953
	-----	-----
	£155,854	£51,953
	=====	=====

Emoluments of all those who were directors during the year excluding pension contributions:

Chairman	£NIL	£NIL
	=====	=====
Highest paid director	£40,590	£36,800
	=====	=====

Number of other directors with emoluments within the following ranges:

	<u>Number</u>	<u>Number</u>
£10,001 - £15,000	1	-
£25,001 - £30,000	1	-
£35,001 - £40,000	1	-
	==	==

3. INTEREST

	<u>1989</u>	<u>1988</u>
Payable - bank and other interest	457	648
Received	(8,157)	(5,285)
	-----	-----
Net interest received	£(7,700)	£(4,637)
	=====	=====

4. TAXATION

Corporation tax at 35% based on the profit for the year	100,000	32,000
(Over)/Under provision in respect of previous year	(2,739)	55
	-----	-----
	£97,261	£32,055
	=====	=====



# REALTY INSURANCES LIMITED

## NOTES TO THE ACCOUNTS (continued)

31ST DECEMBER 1989

### 5. TANGIBLE FIXED ASSETS

<u>Cost</u>	<u>Office Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
1st January 1989	113,960	35,821	149,781
Additions	-	14,788	14,788
Disposals	(6,134)	(15,236)	(21,370)
	-----	-----	-----
31st December 1989	107,826	35,373	143,199
	-----	-----	-----
<u>Depreciation</u>			
1st January 1989	47,622	10,880	58,502
Charge for year	23,527	9,270	32,797
On disposals	(5,134)	(4,237)	(9,371)
	-----	-----	-----
31st December 1989	66,015	15,913	81,928
	-----	-----	-----
<u>Net book value</u>			
31st December 1989	£41,811	£19,460	£61,271
	=====	=====	=====
31st December 1988	£66,338	£24,941	£91,279
	=====	=====	=====

### 6. CAPITAL COMMITMENTS

At 31st December 1989 there was no capital expenditure contracted for or authorised by the directors (1988 : £NIL).

### 7. DEBTORS

	<u>1989</u>	<u>1988</u>
Due within one year:		
Trade debtors	353,275	230,870
Due by Grosvenor Estate Holdings	692,957	401,606
Other debtors	21,193	-
	-----	-----
	£1,067,425	£632,476
	=====	=====

### 8. CREDITORS: Amounts falling due within one year

Bank overdraft	563	171
Trade creditors	397,887	271,442
Due to group companies	34,125	65,585
Corporation tax	100,000	85,255
Other creditors	41,275	48,311
	-----	-----
	£573,850	£470,764
	=====	=====

REALTY INSURANCES LIMITED

NOTES TO THE ACCOUNTS (continued)

31ST DECEMBER 1989

9. <u>SHARE CAPITAL</u>	<u>1989</u>	<u>1988</u>
Authorized:		
2,000 shares of £1 each	£2,000	£2,000
	=====	=====
Issued:		
201 shares of £1 each, fully paid	£201	£201
	===	===

10. PENSION SCHEMES

The company is a member of Grosvenor Estates Pension Scheme ("GEPS"), a defined benefit pension scheme, and Grosvenor Estate Money Purchase Scheme ("GEMPS"), a defined contribution pension scheme established 1st July 1988.

In each case, the scheme is a group scheme with contributions based on pension costs across the group as a whole.

(a) GEPS

Benefits are based on final pensionable remuneration. The scheme is funded, the assets being held by trustees.

The pension cost charge amounted to £35,588 (1988 : £36,749), representing the amount assessed in accordance with the advice of a qualified actuary as being appropriate to spread the cost of pensions over the working lives of employees, including directors, with the group.

The latest formal actuarial valuation of GEPS was at 31st December 1987. Details in respect of the actuarial position are set out in the accounts of Grosvenor Estate Holdings, the ultimate holding company.

GEPS is non-contributory but members are able to make voluntary contributions. Such additional contributions are invested in building society accounts on a defined contribution basis.

(b) GEMPS

Contributions are made both by the employer and by employees and are invested in independently administered life assurance policies or pension plans.

The pension cost charge amounted to £3,681 (1988 : £1,313), representing employers' contributions payable for the year.

11. ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary company of Grosvenor Estate Holdings, an unlimited company incorporated in England.