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REALTY INSURANCES LIMITED

ACCOUNTS

31ST DECEMBER 1985



REALTY INSURANCES LIMITEDDIRECTORS' REPORT

The directors submit their report together with the accounts for the year ended 31st December 1985.

1. DIRECTORS

The directors of the Company during the year were:

J.N.C. James - Chairman  
D.J.A. Tuohey - Managing Director

2. RESULTS AND DIVIDENDS

The profit on ordinary activities before taxation was £125,456. 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 1985 is fully set out in the attached balance sheet.

3. REVIEW OF THE BUSINESS

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.

4. 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.

Mr. D.J.A. Tuohey had no interest in the share or loan capital of the Company or other group companies at 31st December 1985.

5. 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

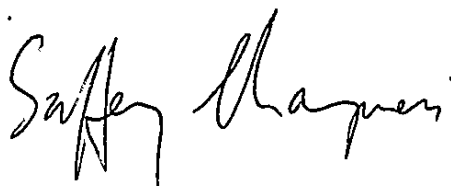
  
W.R. HOLLAND  
Secretary

8<sup>th</sup> May 1986

REALTY INSURANCES LIMITEDAUDITORS' REPORT TO THE MEMBERS OF THE COMPANY


We have audited the financial statements on pages 3 to 8 in accordance with approved auditing standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the Company's affairs at 31st December 1985 and of its results and source and application of funds for the year then ended and comply with the Companies Act 1985.



SAFFERY CHAMPNESS  
Chartered Accountants

St. Martins House  
16, St. Martin's-le-Grand  
LONDON EC1A 4EP.

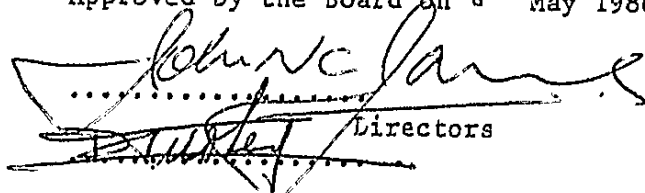
 May 1986

REALTY INSURANCES LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER 1985

	<u>NOTES</u>	<u>1985</u>	<u>1984</u>
<u>Turnover</u> - gross commission received		670,797	651,154
Cost of sales		(366,744)	(310,073)
Gross Profit		304,053	341 081
Other operating expenses - administrative expenses		(202,965)	(154,490)
<u>Operating profit</u>		101,088	186,591
Interest received		24,368	21,559
Bank overdraft interest payable		-	(239)
<u>Profit on ordinary activities before taxation</u>	2	125,456	207,911
Taxation	5	51,317	91,800
<u>Profit for the year</u>		74,139	116,111
Balance brought forward		579,024	462,913
<u>Balance carried forward</u>		£653,163 =====	£579,024 =====

REALTY INSURANCES LIMITEDBALANCE SHEET31ST DECEMBER 1985

	<u>NOTES</u>	<u>1985</u>	<u>1984</u>
<u>Tangible Fixed Assets</u>	6	28,098	12,623
<u>Current Assets</u>			
Debtors:			
Trade debtors		144,676	133,217
Due by Grosvenor Estate Holdings		507,970	397,970
Other debtors		8,728	7,963
		-----	-----
Cash at bank and in hand		661,374	539,150
		227,959	180,900
		-----	-----
		889,333	720,050
		-----	-----
<u>Creditors : Amounts falling due within one year</u>			
Trade creditors		52,287	40,238
Other creditors		159,780	16,210
Corporation tax		52,000	97,000
		-----	-----
		264,067	153,448
		-----	-----
<u>Net Current Assets</u>		625,266	566,602
<u>Total Assets Less Current Liabilities</u>		£653,364	£579,225
		=====	=====
<u>Capital And Reserves</u>			
Called up share capital	8	201	201
Profit and loss account		653,163	579,024
		-----	-----
		£653,364	£579,225
		=====	=====

Approved by the Board on 8<sup>th</sup> May 1986


.....  
Directors

REALTY INSURANCES LIMITED  
STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
YEAR ENDED 31ST DECEMBER 1985

	<u>1985</u>	<u>1984</u>
<u>Source Of Funds</u>		
<u>Funds generated from operations</u>		
Profit for year after taxation	74,139.	116,111
Adjustment for item not involving the movement of funds: depreciation	9,607	4,667
	-----	-----
	£83,746	£120,778
	=====	=====
 <u>Application Of Funds</u>		
<u>General applications</u>		
Purchases less sale of fixed assets	25,082	8,916
 <u>Increase/(decrease) in working capital</u>		
Due by Grosvenor Estate Holdings	110,000	-
Debtors	12,224	98,510
Creditors	(155,619)	(6,941)
Taxation	45,000	5,500
	-----	-----
	11,605	97,069
 <u>Increase in liquid funds</u>		
Bank and cash balances	47,059	14,793
	-----	-----
	£83,746	£120,778
	=====	=====

REALTY INSURANCES LIMITEDNOTES TO THE ACCOUNTSYEAR ENDED 31ST DECEMBER 19851. ACCOUNTING POLICIESBasis 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

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging:

	<u>1985</u>	<u>1984</u>
Depreciation	9,607	4,667
Auditors' remuneration	2,645	2,530
	=====	=====

3. EMPLOYEES

Staff costs during the year :

Wages and salaries	85,174	67,005
Social security costs	5,517	4,418
Other pension costs	21,901	17,464
	-----	-----
	£112,592	£88,887
	=====	=====

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

	<u>Number</u>	<u>Number</u>
Administrative	6	5
	=====	=====

4. DIRECTORS' EMOLUMENTS

Staff costs include the following emoluments in respect of directors of the Company:

Fees	-	-
Other emoluments	32,489	29,729
	-----	-----
	£ 32,489	£29,729
	=====	=====

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

Chairman	£ NIL	£ NIL
	=====	=====
Highest paid director	£ 24,789	£22,505
	=====	=====

REALTY INSURANCES LIMITEDNOTES TO THE ACCOUNTS (continued)YEAR ENDED 31ST DECEMBER 1985

5. TAXATION

	<u>1985</u>	<u>1984</u>
a) Corporation tax at 41.25% (1984:46.25%) based on the profit for the year	52,000	97,000
Overprovision in respect of previous year	( 683)	( 5,200)
	<u>£51,317</u>	<u>£91,800</u>
	<u>=====</u>	<u>=====</u>

b) The Company is a close company for the purposes of Corporation Tax. No provision has been made in these accounts for additional tax arising from any apportionment of the income of the Company under Section 94, Finance Act 1972.

6. TANGIBLE FIXED ASSETS

	<u>Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
<u>Cost</u>			
1st January 1985	9,267	14,204	23,471
Additions	8,998	17,850	26,848
Disposals	-	(7,070)	(7,070)
	<u>-----</u>	<u>-----</u>	<u>-----</u>
31st December 1985	<u>£18,265</u>	<u>24,984</u>	<u>43,249</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>
<u>Depreciation</u>			
1st January 1985	3,761	7,087	10,848
Charge for year	3,362	6,245	9,607
On disposals	-	(5,304)	(5,304)
	<u>-----</u>	<u>-----</u>	<u>-----</u>
31st December 1985	<u>£ 7,123</u>	<u>8,028</u>	<u>15,151</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>
Net book value at 31st December 1985	<u>£11,142</u>	<u>16,956</u>	<u>28,098</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>
Net book value at 31st December 1984	<u>£ 5,506</u>	<u>7,117</u>	<u>12,623</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>

7. CAPITAL COMMITMENTS

At 31st December 1985 there was no capital expenditure contracted for or authorised by the directors (1984 : NIL).



REALTY INSURANCES LIMITEDNOTES TO THE ACCOUNTS (continued)31ST DECEMBER 1985

	<u>1985</u>	<u>1984</u>
8. <u>SHARE CAPITAL</u>		
Authorised:		
2,000 shares of £1 each	£2,000 =====	£2,000 =====
Issued:		
201 shares of £1 each, fully paid	£ 201 =====	£ 201 =====

9. ULTIMATE HOLDING COMPANY

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