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REALTY INSURANCES LIMITED

ACCOUNTS

31ST DECEMBER 1987

Saffery Champness
Chartered Accountants

REALTY INSURANCES LIMITED

DIRECTORS' REPORT

The directors submit their report together with the accounts for the year ended 31st December 1987.

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 £144,293. 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 1987 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. TANGIBLE FIXED ASSETS

Changes in tangible fixed assets are shown in note 6 to the accounts.

5. DIRECTORS' INTERESTS IN SHARE CAPITAL

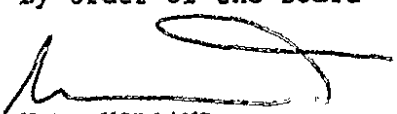
Mr. J.N.C. James is also a director of the holding company and therefore exempt from disclosing his interest in shares in group companies in this report.

Mr. D.J.A. Tuohey had no interest in the share or loan capital of the Company or other group companies at 1st January and 31st December 1987.

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

6th May 1988

REALTY INSURANCES LIMITED

AUDITORS' 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 give a true and fair view of the state of the Company's affairs at 31st December 1987 and of its results and source and application of funds for the year then ended and comply with the Companies Act 1985.

Saffery Champness

SAFFERY CHAMPNESS
Chartered Accountants

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

6A May 1988

REALTY INSURANCES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1987

	<u>NOTES</u>	<u>1987</u>	<u>1986</u>
<u>Turnover</u> - gross commission received		794,286	658,666
Cost of sales		(338,715)	(251,336)
Gross Profit		455,571	407,330
Other operating expenses - administrative expenses		(317,628)	(246,140)
<u>Operating profit</u>		137,943	161,190
Interest received		6,350	30,313
<u>Profit on ordinary activities before taxation</u>	2	144,293	191,503
Taxation	5	52,837	71,519
<u>Profit for the year after taxation</u>		91,456	119,984
Balance brought forward		773,147	653,163
<u>Balance carried forward</u>		£864,603	£773,147
		=====	=====

REALTY INSURANCES LIMITEDBALANCE SHEET31ST DECEMBER 1987

	<u>NOTES</u>	<u>1987</u>	<u>1986</u>
<u>Tangible Fixed Assets</u>	6	31,848	30,763
<u>Current Assets</u>			
Debtors:			
Trade debtors	176,594	303,157	
Due by Grosvenor Estate Holdings	575,106	657,970	
Other debtors	352	4,715	
	752,052	965,842	
Cash at bank and in hand	452,517	116,323	
	1,204,569	1,082,165	
<u>Creditors : Amounts falling due within one year</u>			
Bank overdraft	-	3,665	
Trade creditors	194,295	186,553	
Due to group company	80,701	-	
Other creditors	43,417	77,612	
Corporation tax	53,200	71,750	
	371,613	339,580	
<u>Net Current Assets</u>		832,956	742,585
<u>Total Assets Less Current Liabilities</u>		£864,804	£773,348
		=====	=====
<u>Capital And Reserves</u>			
Called up share capital	8	201	201
Profit and loss account		864,603	773,147
		£864,804	£773,348
		=====	=====

Approved by the Board on 6th May 1988


Directors

REALTY INSURANCES LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
YEAR ENDED 31ST DECEMBER 1987

	<u>1987</u>	<u>1986</u>
<u>Source of Funds</u>		
<u>Funds generated from operations</u>		
Profit for year after taxation	91,456	119,984
Adjustment for item not involving the movement of funds: depreciation	14,889	12,454
	-----	-----
	£106,345	£132,438
	=====	=====
<u>Application of Funds</u>		
<u>General applications</u>		
Purchases less sales of fixed assets	15,974	15,119
<u>Increase/(decrease) in working capital</u>		
Due by Grosvenor Estate Holdings	(82,864)	150,000
Debtors	(130,926)	154,468
Creditors	26,453	(52,098)
Due to group company	(80,701)	-
Taxation	18,550	(19,750)
	-----	-----
	(249,488)	232,620
<u>Increase/(Decrease) in liquid funds</u>		
Bank and cash balances	339,859	(115,301)
	-----	-----
	£106,345	£132,438
	=====	=====

REALTY INSURANCES LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST DECEMBER 1987

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

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	<u>1987</u>	<u>1986</u>
Depreciation	14,889	12,454
Auditors' remuneration	3,335	3,105
	=====	=====

3. EMPLOYEES

Staff costs during the year :

Wages and salaries	140,549	110,032
Social security costs	11,320	8,201
Other pension costs	34,006	27,704
	-----	-----
	£185,875	£145,937
	=====	=====

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

	<u>Number</u>	<u>Number</u>
Administrative	8	7
	==	==

4. DIRECTORS' EMOLUMENTS

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

Fees	-	-
Other emoluments	41,353	37,579
	-----	-----
	£41,353	£37,579
	=====	=====

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

Chairman	£NIL	£NIL
	=====	=====
Highest paid director	£29,280	£26,706
	=====	=====

REALTY INSURANCES LIMITED

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST DECEMBER 1987

5. <u>TAXATION</u>	<u>1987</u>	<u>1986</u>
a) Corporation tax at 35% (1986:36.25%) based on the profit for the year	53,200	71,750
Overprovision in respect of previous year	(363)	(231)
	<u>£52,837</u>	<u>£71,519</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>Cost</u>	<u>Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
1st January 1987	28,425	26,376	54,801
Additions	7,758	18,189	25,947
Disposals	-	(15,677)	(15,677)
31st December 1987	<u>36,183</u>	<u>28,888</u>	<u>65,071</u>
<u>Depreciation</u>			
1st January 1987	12,984	11,054	24,038
Charge for year	7,667	7,222	14,889
On disposals	-	(5,704)	(5,704)
31st December 1987	<u>20,651</u>	<u>12,572</u>	<u>33,223</u>
<u>Net book value</u>			
31st December 1987	<u>£15,532</u>	<u>16,316</u>	<u>31,848</u>
31st December 1986	<u>£15,441</u>	<u>£15,322</u>	<u>£30,763</u>

7. CAPITAL COMMITMENTS

At 31st December 1987 there was no capital expenditure contracted for or authorised by the directors (1986 : £NIL).

REALTY INSURANCES LIMITEDNOTES TO THE ACCOUNTS (continued)31ST DECEMBER 1987

	<u>1987</u>	<u>1986</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.