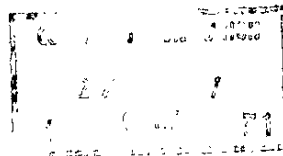


REALTY INSURANCES LIMITED

ACCOUNTS

31ST DECEMBER 1986



REALTY INSURANCES LIMITED

DIRECTORS' REPORT

The directors submit their report together with the accounts for the year ended 31st December 1986.

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 £191,503. 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 1986 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 1st January and 31st December 1986.

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

11 May 1987

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 1986 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.

11th May 1987

REALTY INSURANCES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1986

	<u>NOTES</u>	<u>1986</u>	<u>1985</u>
<u>Turnover</u> - gross commission received		658,666	670,797
Cost of sales		(251,336)	(366,744)
Gross Profit		407,330	304,053
Other operating expenses - administrative expenses		(246,140)	(202,965)
<u>Operating profit</u>		161,190	101,088
Interest received		30,313	24,368
<u>Profit on ordinary activities before taxation</u>	2	191,503	125,456
Taxation	5	71,519	51,317
<u>Profit for the year after taxation</u>		119,984	74,139
Balance brought forward		653,163	579,024
<u>Balance carried forward</u>		£773,147	£653,163
		=====	=====

REALTY INSURANCES LIMITEDBALANCE SHEET31ST DECEMBER 1986

	<u>NOTES</u>	<u>1986</u>	<u>1985</u>
<u>Tangible Fixed Assets</u>	6	30,763	28,098
<u>Current Assets</u>			
Debtors:			
Trade debtors	303,157	144,676	
Due by Grosvenor Estate Holdings	657,970	507,970	
Other debtors	4,715	8,728	
	-----	-----	-----
	965,842	661,374	
Cash at bank and in hand	116,323	227,959	
	-----	-----	-----
	1,082,165	889,333	
	-----	-----	-----
<u>Creditors : Amounts falling due within one year</u>			
Bank overdraft	3,665	-	
Trade creditors	186,553	52,287	
Other creditors	77,612	159,780	
Corporation tax	71,750	52,000	
	-----	-----	-----
	339,580	264,067	
	-----	-----	-----
<u>Net Current Assets</u>		742,585	625,266
		-----	-----
<u>Total Assets Less Current Liabilities</u>		£773,348	£653,364
		=====	=====
<u>Capital And Reserves</u>			
Called up share capital	8	201	201
Profit and loss account		773,147	653,163
		-----	-----
		£773,348	£653,364
		=====	=====

Approved by the Board on 11th May 1987

John VC James

 Directors

REALTY INSURANCES LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
YEAR ENDED 31ST DECEMBER 1986

	<u>1986</u>	<u>1985</u>
<u>Source Of Funds</u>		
<u>Funds generated from operations</u>		
Profit for year after taxation	119,984	74,139
Adjustment for item not involving the movement of funds: depreciation	12,454	9,607
	-----	-----
	£132,438	£83,746
	=====	=====
<u>Application Of Funds</u>		
<u>General applications</u>		
Purchases less sale of fixed assets	15,119	25,082
<u>Increase/(decrease) in working capital</u>		
Due by Grosvenor Estate Holdings	150,000	110,000
Debtors	154,468	12,224
Creditors	(52,098)	(155,619)
Taxation	(19,750)	45,000
	-----	-----
	232,620	11,605
<u>(Decrease)/Increase in liquid funds</u>		
Bank and cash balances	(115,301)	47,059
	-----	-----
	£132,438	£83,746
	=====	=====

REALTY INSURANCES LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST DECEMBER 1986

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>1986</u>	<u>1985</u>
Depreciation	12,454	9,607
Auditors' remuneration	3,105	2,645
	=====	=====

3. EMPLOYEES

Staff costs during the year :

Wages and salaries	110,032	85,174
Social security costs	8,201	5,517
Other pension costs	27,704	21,901
	-----	-----
	£145,937	£112,592
	=====	=====

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

	<u>Number</u>	<u>Number</u>
Administrative	7	6
	=====	=====

4. DIRECTORS' EMOLUMENTS

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

Fees	-	-
Other emoluments	37,579	32,489
	-----	-----
	£37,579	£32,489
	=====	=====

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

Chairman	£ NIL	£ NIL
	=====	=====
Highest paid director	£28,791	£24,789
	=====	=====

REALTY INSURANCES LIMITED

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31ST DECEMBER 1986

5. TAXATION

	<u>1986</u>	<u>1985</u>
a) Corporation tax at 36.25% (1985:41.25%) based on the profit for the year	71,750	52,000
Overprovision in respect of previous year	(231)	(683)
	-----	-----
	£71,519	£51,317
	=====	=====
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 1986	18,265	24,984	43,249
Additions	10,160	8,526	18,686
Disposals	-	(7,134)	(7,134)
	-----	-----	-----
31st December 1986	28,425	26,376	54,801
	-----	-----	-----
<u>Depreciation</u>			
1st January 1986	7,123	8,028	15,151
Charge for year	5,861	6,593	12,454
On disposals	-	(3,567)	(3,567)
	-----	-----	-----
31st December 1986	12,984	11,054	24,038
	-----	-----	-----
Net book value at 31st December 1986	£15,441	£15,322	£30,763
	=====	=====	=====
Net book value at 31st December 1985	£11,142	£16,956	£28,098
	=====	=====	=====

7. CAPITAL COMMITMENTS

At 31st December 1986 there was no capital expenditure contracted for or authorised by the directors (1985 : NIL).

REALTY INSURANCES LIMITED
NOTES TO THE ACCOUNTS (continued)
31ST DECEMBER 1986

	<u>1986</u>	<u>1985</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.