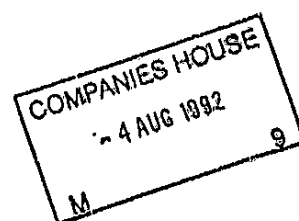


REALTY INSURANCES LIMITED

Registered No: 482966

REPORT AND
FINANCIAL STATEMENTS

31 DECEMBER 1991



REALTY INSURANCES LIMITEDDIRECTORS' REPORT

The directors submit their report together with the financial statements for the year ended 31 December 1991.

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 CBE - Chairman
M P L Tompsett - Managing Director
A B Roberts
C M D Hague

Mr C M D Hague 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 £376,264. On 30 June 1991, an interim dividend of £150,000 on the ordinary shares was paid to the parent company, Grosvenor Estate Holdings. The balance after taxation and dividend has been transferred to reserves.

The directors do not recommend payment of a final dividend.

The state of the Company's affairs at 31 December 1991 is fully set out in the attached balance sheet.

REALTY INSURANCES LIMITED

DIRECTORS' REPORT (continued)

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 1 January 1991 and 31 December 1991.

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

3 April 1992

REPORT OF THE AUDITORS TO THE MEMBERS OF
REALTY INSURANCES LIMITED

We have audited the financial statements on pages 4 to 11 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1991 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
Registered Auditor

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

3 April 1992

REALTY INSURANCES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1991

	<u>Notes</u>	<u>1991</u>	<u>1990</u>
<u>Turnover</u>	1(b)	1,312,487	1,092,718
Cost of sales		(596,479)	(261,280)
<u>Gross Profit</u>		716,008	831,438
Other operating expenses - administrative expenses		(575,898)	(545,630)
<u>Operating profit</u>	2	140,110	285,808
Interest	3	236,154	184,791
<u>Profit on ordinary activities before taxation</u>		376,264	470,599
Taxation	4	(123,198)	(171,041)
<u>Profit for the year after taxation</u>		253,066	299,558
Dividend paid - Interim		(150,000)	(83,000)
		103,066	216,558
Balance brought forward		1,291,065	1,074,507
<u>Balance carried forward</u>		<u>£1,394,131</u>	<u>£1,291,065</u>

REALTY INSURANCES LIMITEDBALANCE SHEET31 DECEMBER 1991

	<u>Notes</u>	<u>1991</u>	<u>1990</u>
<u>Tangible Fixed Assets</u>	5	17,273	50,422
<u>Current Assets</u>		-----	-----
Debtors	7	1,521,115	1,151,617
Cash at bank and in hand		736,315	790,608
		-----	-----
		2,257,430	1,942,225
<u>Creditors: Amounts falling due within one year</u>	8	(880,371)	(701,381)
		-----	-----
<u>Net Current Assets</u>		1,377,059	1,240,844
		-----	-----
<u>Total Assets Less Current Liabilities</u>		£1,394,332	£1,291,266
		=====	=====
<u>Capital and Reserves</u>			
Called up share capital	9	201	201
Profit and loss account		1,394,131	1,291,065
		-----	-----
		£1,394,332	£1,291,266
		=====	=====

Approved by the Board on 3 Apr 1992



.....

J N C James

Directors



.....

M P L Tompsett

REALTY INSURANCES LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1991

	<u>1991</u>	<u>1990</u>
<u>SOURCE OF FUNDS</u>		
<u>Funds generated from operations</u>		
Profit for year before taxation	376,264	470,599
Adjustment for item not involving the movement of funds: depreciation	33,149	34,601
	<u>£409,413</u>	<u>£505,200</u>
<u>APPLICATION OF FUNDS</u>		
<u>General applications</u>		
Purchases less sales of fixed assets	-	23,752
Taxation paid	166,198	96,041
Dividend - interim to parent company	150,000	83,000
	<u>316,198</u>	<u>202,793</u>
<u>Increase/(Decrease) in working capital</u>		
Due by Grosvenor Estate Holdings	178,667	137,624
Debtors	190,831	(53,432)
Creditors	(183,356)	(55,937)
Due to group company	(473)	2,843
	<u>185,669</u>	<u>31,098</u>
<u>(Decrease)/Increase in liquid funds</u>		
Bank and cash balances	(92,454)	271,309
	<u>£409,413</u>	<u>£505,200</u>

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REALTY INSURANCES LIMITED

NOTES TO THE ACCOUNTS
31 DECEMBER 1991

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

(b) Turnover

Commission is only recognised when settled in cash.

(c) Tangible Fixed Assets

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

Motor vehicles and Office equipment- 25% per annum

(d) Deferred Taxation

Provision for deferred taxation is made in respect of material timing differences where the directors expect the timing differences to reverse in the foreseeable future.

(e) 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 periods benefiting from the employees' services.

Defined contribution pension scheme:

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

2. OPERATING PROFIT

Operating profit is stated after charging:

	<u>1991</u>	<u>1990</u>
Depreciation	£33,149	£34,601
Auditors' remuneration	£ 4,844	£ 4,313
	-----	-----
<u>Employees</u>		
Staff costs during the year:		
Wages and salaries	225,470	196,242
Social security costs	19,500	16,683
Other pension costs	59,561	50,171
	-----	-----
	£304,£31	£263,096
	-----	-----

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

	<u>Number</u>	<u>Number</u>
Administrative	9	9
	-----	-----

REALTY INSURANCES LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 1991

2. OPERATING PROFIT ON ORDINARY ACTIVITIES (continued)

Directors' Emoluments

	<u>1991</u>	<u>1990</u>
Staff costs include the following emoluments in respect of directors of the Company:		
Fees	-	1,000
Other emoluments	199,918	174,152
	-----	-----
	£199,918	£175,152
	-----	-----

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

Chairman	£ NIL	£ NIL
	-----	-----

Highest paid director	£ 61,647	£ 51,632
	-----	-----

Number of other directors with emoluments within the following ranges:

	<u>Number</u>	<u>Number</u>
£1 - £5,000	-	1
£30,001 - £35,000	1	1
£40,001 - £45,000	-	1
£50,001 - £55,000	1	-
	-----	-----

3. INTEREST

Payable - bank and other interest	32	262
Received	(236,186)	(185,053)
	-----	-----
Net interest received	£(236,154)	£(184,791)
	-----	-----

4. TAXATION

Corporation tax at 33.25% (1990 35%) based on the profit for the year	132,000	175,000
Overprovision in respect of previous years	(8,802)	(3,959)
	-----	-----
	£123,198	£171,041
	-----	-----

REALTY INSURANCES LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 1991

5. TANGIBLE FIXED ASSETS

	<u>Office Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
<u>Cost</u>			
1 January 1991 and 31 December 1991	124,332	38,321	162,653
	-----	-----	-----
<u>Depreciation</u>			
1 January 1991	92,510	19,721	112,231
Charge for year	23,569	9,580	33,149
	-----	-----	-----
31 December 1991	116,079	29,301	145,380
	-----	-----	-----
<u>Net book value</u>			
31 December 1991	£ 8,253	£ 9,020	£ 17,273
	-----	-----	-----
31 December 1990	£ 31,822	£ 18,600	£ 50,422
	-----	-----	-----

6. CAPITAL COMMITMENTS

At 31 December 1991 there was no capital expenditure contracted for or authorised by the directors (1990: ENIL).

7. DEBTORS

	<u>1991</u>	<u>1990</u>
Due within one year:		
Trade debtors	495,817	304,557
Amounts owed by Grosvenor Estate Holdings	1,009,248	830,441
Other debtors	16,050	16,519
	-----	-----
	£1,521,115	£1,151,617
	-----	-----

REALTY INSURANCES LIMITEDNOTES TO THE ACCOUNTS31 DECEMBER 19918. CREDITORS - Amounts falling due within one year

	<u>1991</u>	<u>1990</u>
Bank overdraft	38,161	-
Trade creditors	673,822	488,923
Amounts owed to group companies	31,755	31,282
Corporation tax	132,000	175,000
Other creditors	4,633	6,176
	-----	-----
	£880,371	£701,381
	*****	*****

9. SHARE CAPITAL

Authorised:		
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 1 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 £56,370 (1990 - £47,203), 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.

REALTY INSURANCES LIMITEDNOTES TO THE ACCOUNTS31 DECEMBER 199110. PENSION SCHEMES (continued)(a) GEPS (continued)

The latest formal actuarial valuation of GEPS was at 31 December 1990. Details in respect of the actuarial position are set out in the accounts of Grosvenor Estate Holdings, the ultimate parent 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 £3,191 (1990 - £2,968), representing employers' contributions payable for the year.

11. ULTIMATE PARENT COMPANY

The ultimate parent company is Grosvenor Estate Holdings, an unlimited company incorporated in England.