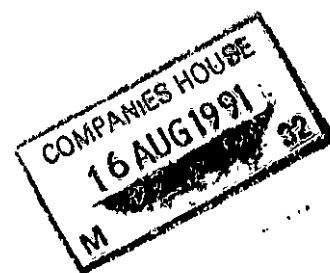


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REALTY INSURANCES LIMITED

REPORT AND
FINANCIAL STATEMENTS

31 DECEMBER 1990



REALTY INSURANCES LIMITEDDIRECTORS' REPORT

The directors submit their report together with the financial statements for the year ended 31 December 1990.

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
A B Roberts
C M D Hague
D J A Tuohy (resigned 31st December 1990)

Mr A B Roberts 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 £470,599. On 18th September 1990, the directors approved the payment of an interim dividend of £83,000 on the ordinary shares 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 1990 is fully set out in the attached balance sheet.

REALTY INSURANCES LIMITEDDIRECTORS' REPORT (continued)

5. DIRECTORS' INTERESTS IN SHARE CAPITAL

Mr 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 1990 and 31st December 1990.

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

14th April 1991

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 1990 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

4 April 1991

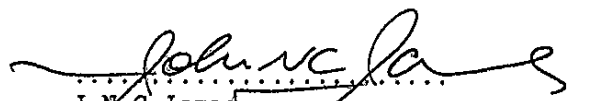
REALTY INSURANCES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1990

	<u>Notes</u>	<u>1990</u>	<u>1989</u>
<u>Turnover</u> - gross commission received		1,092,718	916,257
Cost of sales		(261,280)	(197,363)
		-----	-----
<u>Gross Profit</u>		831,438	718,894
Other operating expenses - administrative expenses		(545,630)	(463,855)
		-----	-----
<u>Operating profit</u>	2	285,808	255,039
Interest	3	184,791	7,700
		-----	-----
<u>Profit on ordinary activities before taxation</u>		470,599	262,739
Taxation	4	(171,041)	(97,261)
		-----	-----
<u>Profit for the year after taxation</u>		299,558	165,478
Dividend paid - Interim		(83,000)	-
		-----	-----
		216,558	165,478
Balance brought forward		1,074,507	909,029
		-----	-----
<u>Balance carried forward</u>		<u>£1,291,065</u>	<u>£1,074,507</u>

REALTY INSURANCES LIMITEDBALANCE SHEET31 DECEMBER 1990

	<u>Notes</u>	<u>1990</u>	<u>1989</u>
<u>Tangible Fixed Assets</u>	5	50,422	61,271
<u>Current Assets</u>		-----	-----
Debtors	7	1,151,617	1,067,425
Cash at bank and in hand		790,608	519,862
		-----	-----
		1,942,225	1,587,287
<u>Creditors: Amounts</u>			
falling due within one year	8	(701,381)	(573,850)
		-----	-----
<u>Net Current Assets</u>		1,240,844	1,013,437
		-----	-----
<u>Total Assets Less Current Liabilities</u>		<u>£1,291,266</u>	<u>£1,074,708</u>
		-----	-----
<u>Capital and Reserves</u>			
Called up share capital	9	201	201
Profit and loss account		1,291,065	1,074,507
		-----	-----
		<u>£1,291,266</u>	<u>£1,074,708</u>
		-----	-----

Approved by the Board on 16 April 1991


 J N C James

Directors


 M P L Tompsett

REALTY INSURANCES LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1990

	<u>1990</u>	<u>1989</u>
<u>SOURCE OF FUNDS</u>		
<u>Funds generated from operations</u>		
Profit for year before taxation	470,599	262,739
Adjustment for item not involving the movement of funds: depreciation	34,601	32,797
	-----	-----
	£505,200	£295,536
	-----	-----
<u>APPLICATION OF FUNDS</u>		
<u>General applications</u>		
Purchases less sales of fixed assets	23,752	2,789
Taxation paid	96,041	82,516
Dividend - interim to parent company	83,000	-
	-----	-----
	202,793	85,305
	-----	-----
<u>Increase/(Decrease) in working capital</u>		
Due by Grosvenor Estate Holdings	137,624	291,351
Debtors	(53,432)	143,598
Creditors	(55,937)	(119,972)
Due to group company	2,843	31,460
	-----	-----
	31,098	346,437
	-----	-----
<u>Increase/(Decrease) in liquid funds</u>		
Bank and cash balances	271,309	(136,206)
	-----	-----
	£505,200	£ 295,536
	-----	-----

REALTY INSURANCES LIMITEDNOTES TO THE ACCOUNTS31 DECEMBER 19901. ACCOUNTING POLICIESBasis of Accounting

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

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 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 ON ORDINARY ACTIVITIES

The profit on ordinary activities is stated after charging:

	<u>1990</u>	<u>1989</u>
Depreciation	£34,601	£32,797
Auditors' remuneration	£ 4,313	£5,175

Employees

Staff costs during the year:

Wages and salaries	196,242	183,687
Social security costs	16,683	14,225
Other pension costs	50,171	39,269
	-----	-----
	£263,096	£237,181

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

	<u>Number</u>	<u>Number</u>
Administrative	9	8

REALTY INSURANCES LIMITEDNOTES TO THE ACCOUNTS31 DECEMBER 19902. OPERATING PROFIT ON ORDINARY ACTIVITIES (continued)Directors' Emoluments

	<u>1990</u>	<u>1989</u>
Staff costs include the following emoluments in respect of directors of the Company:		
Fees	1,000	1,000
Other emoluments	174,152	154,854
	-----	-----
	£175,152	£155,854
	-----	-----

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

Chairman	£ NIL	£ NIL
	-----	-----
Highest paid director	£ 51,632	£ 40,590
	-----	-----
Number of other directors with emoluments within the following ranges:	<u>Number</u>	<u>Number</u>
£1 - £5,000	1	-
£10,001 - £15,000	-	1
£25,001 - £30,000	-	1
£30,001 - £35,000	1	-
£35,001 - £40,000	-	1
£40,001 - £45,000	1	-
	-----	-----

3. INTEREST

Payable - bank and other interest	262	457
Received	(185,053)	(8,157)
	-----	-----
Net interest received	£(184,791)	£ (7,700)
	-----	-----

4. TAXATION

Corporation tax at 35% based on the profit for the year	175,000	100,000
Overprovision in respect of previous year	(3,959)	(2,739)
	-----	-----
	£171,041	£ 97,261
	-----	-----

REALTY INSURANCES LIMITEDNOTES TO THE ACCOUNTS31 DECEMBER 19905. TANGIBLE FIXED ASSETS

<u>Cost</u>	<u>Office Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
1st January 1990	107,826	35,373	143,199
Additions	16,506	10,646	27,152
Disposals	-	(7,698)	(7,698)
	-----	-----	-----
31st December 1990	124,332	38,321	162,653
	-----	-----	-----
<u>Depreciation</u>			
1st January 1990	66,015	15,913	81,928
Charge for year	26,495	8,106	34,601
On disposals	-	(4,298)	(4,298)
	-----	-----	-----
31st December 1990	92,510	19,721	112,231
	-----	-----	-----
<u>Net book value</u>			
31st December 1990	£ 31,822	£ 18,600	£ 50,422
	-----	-----	-----
31st December 1989	£ 41,811	£ 19,460	£ 61,271
	-----	-----	-----

6. CAPITAL COMMITMENTS

At 31st December 1990 there was no capital expenditure contracted for or authorised by the directors (1989: £NIL).

7. DEBTORS

	<u>1990</u>	<u>1989</u>
Due within one year:		
Trade debtors	304,517	353,275
Due from Grosvenor Estate Holdings	830,581	692,957
Other debtors	16,519	21,193
	-----	-----
	£1,151,617	£1,067,425
	-----	-----

REALTY INSURANCES LIMITEDNOTES TO THE ACCOUNTS31 DECEMBER 19908. CREDITORS - Amounts falling due within one year

	<u>1990</u>	<u>1989</u>
Bank overdraft	-	563
Trade creditors	488,923	397,887
Due to group companies	31,282	34,125
Corporation tax	175,000	100,000
Other creditors	6,176	41,275
	-----	-----
	<u>£701,381</u>	<u>£573,850</u>

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 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 £47,203 (1989 - £35,588), 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 199010. PENSION SCHEMES (continued)(a) GEPS (continued)

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 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 £2,968 (1989 - £3,681), 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.