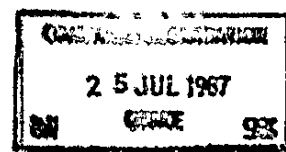


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LYCETT BROWNE - SWINBURNE & DOUGLASS  
LIMITED

MODIFIED ACCOUNTS

31 December 1986



*Price Waterhouse*



LYCEN BROWNE - SWINBURNE & DOUGLASS  
LIMITED

MODIFIED ACCOUNTS

31 December 1986

## Price Waterhouse



### AUDITORS' REPORT TO THE DIRECTORS OF LYCETT BROWNE - SWINBURNE & DOUGLASS LIMITED

In our opinion the attached modified group accounts for the year ended 31 December 1986 comply with Schedule 8 to the Companies Act 1985 and the directors are entitled to deliver modified group accounts under Section 250 of that Act as a small group. We are not required to express an opinion on the truth and fairness of these modified group accounts.

We reported, as auditors of Lycett Browne-Swinburne & Douglass Limited, to the members on 15 April 1987 on the group's financial statements prepared under Section 227 of the Companies Act 1985 for the year ended 31 December 1986, and our audit opinion was as follows:

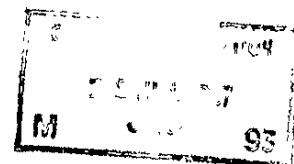
"We have audited the financial statements on pages 4 to 12 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state affairs of the company and the group at 31 December 1986 and of the loss and source and application of funds of the group for the year then ended and comply with the Companies Act 1985".

PRICE WATERHOUSE *Price Waterhouse*

Chartered Accountants

15 April 1987



LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED  
CONSOLIDATED BALANCE SHEET - 31 DECEMBER 1986

		<u>1985</u>
<b>FIXED ASSETS</b>		
Intangible assets	-	2,573
Tangible assets	94,233	91,031
<b>CURRENT ASSETS</b>		
Debtors	1,400,845	1,065,450
Short term deposits	73,127	2,970
Cash at bank	<u>107,214</u>	<u>102,496</u>
	1,581,186	1,170,916
<b>CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)</b>		
	<u>(1,622,068)</u>	<u>(1,208,246)</u>
<b>NET CURRENT LIABILITIES</b>	(40,882)	(37,330)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>£53,351</u>	<u>£56,274</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital (Note 3)	20,000	20,000
Profit and loss account	27,195	29,971
<b>MINORITY INTEREST IN SUBSIDIARY</b>	6,156	6,303
	<u>£53,351</u>	<u>£56,274</u>

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

BALANCE SHEET - 31 DECEMBER 1986

		1985
<b>FIXED ASSETS</b>		
Intangible assets	-	2,573
Tangible assets	72,281	74,607
Investment (Note 2)	18,471	18,909
<b>CURRENT ASSETS</b>		
Debtors	1,146,196	896,704
Short term deposits	3,127	2,970
Cash at bank	<u>77,257</u>	<u>62,391</u>
	1,226,850	962,065
<b>CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)</b>		
	<u>(1,270,137)</u>	<u>(1,008,183)</u>
<b>NET CURRENT LIABILITIES</b>	(43,557)	(46,118)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>£47,195</u>	<u>£49,971</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital (Note 3)	20,000	20,000
Profit and loss account	27,195	29,971
	<u>£47,195</u>	<u>£49,971</u>

The directors have relied on Section 250 of the Companies Act 1985 as entitling them to deliver modified group accounts on the ground that the group is entitled to the benefit of this section as a small group.

J Browne-Swinburne  
RD Douglass

LYCETT, BROWNE-SWINBURNE & DOUGLASS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1986

1 ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention and the principal accounting policies adopted within that convention are set out below.

(a) Basis of consolidation

The consolidated accounts reflect the company's holding of 75% of the issued share capital of Lycett, Browne-Swinburne & Douglass (Cumbria) Limited.

(b) Turnover

Turnover represents commissions earned on insurance policies and renewals.

(c) Commission

Non life: credit is taken for commission on the issue of the relevant insurance policy or renewal.

Life: credit is taken for initial commission when premiums are paid over to the insurers at the due date. Credit is taken for renewal commission on a cash basis.

(d) Bank interest and investment income

Bank interest and investment income is included in the accounts on the basis of amounts receivable up to the year-end.

(e) Tangible fixed assets and depreciation

Tangible fixed assets are included in the accounts at cost less accumulated depreciation.

Depreciation is calculated to write off tangible fixed assets over their estimated useful lives. Depreciation is provided on the reducing balance method at the following rates:

Motor vehicles	25%
Office equipment	10%

(f) Intangible fixed assets

Goodwill is included in the accounts at cost less amortisation calculated to write off cost over its estimated useful life.

(g) Deferred taxation

Provision is made for deferred taxation on the liability basis if the deferred tax liability on accelerated capital allowances and other timing differences is likely to become payable in the foreseeable future.

(h) Pension scheme

The group operates an insured pension scheme for its employees. Contributions are related to wages and salaries and are made in accordance with actuarial advice received and are charged against revenue in the period they are paid.

NOTES TO THE ACCOUNTS (continued)

ACCOUNTING POLICIES (continued)

(i) Operating leases

Payments arising under operating leases are charged to the profit and loss account in the period to which they relate.

2 INVESTMENTS IN SUBSIDIARY COMPANIES

- (a) The movement during the year in the investment in the subsidiary company, Lycett, Browne-Swinburne & Douglass (Cumbria) Ltd, was as follows:

Balance at 1 January 1986	18,909
Diminution in the value of the investment	<u>(440)</u>
	<u>£18,469</u>

- (b) During the year a wholly owned subsidiary was incorporated, Lycetts Financial Services Ltd, with an issued share capital of 2 ordinary shares of £1. The company commenced trading on 1 January 1987.

3 SHARE CAPITAL

		<u>1985</u>
Ordinary Shares of £1		
Authorised	<u>£50,000</u>	<u>£20,000</u>
Allotted and fully paid	<u>£20,000</u>	<u>£20,000</u>

On 19 December 1986 the authorised share capital of the company was increased to £50,000 by the creation of 30,000 ordinary shares of £1 each. On the 1 January 1987 a further 1280 ordinary shares of £1 each were allotted and fully paid increasing the called up share capital to £21,280.