

SOUTH ESSEX INSURANCE GROUP LIMITED

Company No. 779100

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 1999



South Essex Insurance Group Limited

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South Essex Insurance Group Limited

Report of the Director

The director presents his annual report and the audited financial statements for the year ended 31st December 1999.

Principal Activities and Business Review

The companies within the South Essex Insurance Group carry on business as insurance brokers, tour operators and travel agents and the provision of equestrian services.

The insurance broker subsidiary of the group performed well during the year but the tour operator subsidiary suffered losses mainly due to customers' unwillingness to travel towards the end of 1999 when we believe hotels overpriced themselves for the Millennium celebrations.

Results and Dividend

The results of the group for the year are set out on page 3.

An interim dividend of £45 per share was declared during the year.

Director and his Interest

The director who served the company throughout the year together with his interest in the shares of the company, at the beginning and end of the year, was as follows:

	Ordinary Shares of £1 each	
	31.12.1999	1.1.1999
B.W. Fehler	1,000	1,000

Year 2000

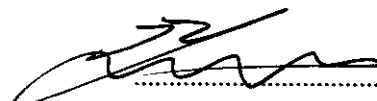
Assuring the ongoing operation of the business and computer systems into the new millennium is a key focus of the director. A comprehensive review of all systems has been carried out to ensure that:

- 1) all business and computer systems will correctly process future dates; and
- 2) our trading relationships with customers and suppliers will continue to operate without disruption.

No significant problems have arisen to date.

Auditors

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act 1985 it is proposed that they be re-appointed auditors for the ensuing year.


.....
B.W. Fehler
Director

South Essex House
North Road
South Ockendon
Essex RM15 6NU

Date: 21 June 2000

South Essex Insurance Group Limited

Director's Responsibilities and Report of the Auditors

Statement of Director's Responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss for that period.

In preparing those financial statements, the director is required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the financial statements on a going concern basis unless it is inappropriate to assume that the group will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' Report to the Members of South Essex Insurance Group Limited

We have audited the financial statements on pages 3 to 16 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on page 8.

Respective Responsibilities of Director and Auditors

As described above the company's director is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31st December 1999 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KINGSTON SMITH
Chartered Accountants
and Registered Auditors

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 26th June 2000

South Essex Insurance Group Limited
Consolidated Profit and Loss Account
For the year ended 31st December 1999

	Note	1999 £	1998 £
Turnover	2	3,127,821	3,569,524
Cost of sales		<u>(2,740,416)</u>	<u>(3,053,220)</u>
Gross Profit		387,405	516,304
Commission receivable	2	2,276,825	2,211,199
Administrative expenses		<u>(2,908,932)</u>	<u>(2,650,592)</u>
Operating (Loss)/Profit		(244,702)	76,911
Interest receivable and similar income		176,612	167,164
Interest payable and similar charges	4	<u>(66,760)</u>	<u>(72,606)</u>
(Loss)/Profit on Ordinary Activities before Taxation	5	(134,850)	171,469
Taxation	6	<u>7,704</u>	<u>(44,999)</u>
(Loss)/Profit on Ordinary Activities after Taxation		(127,146)	126,470
Dividend on equity shares		<u>(45,000)</u>	<u>(12,000)</u>
(Loss)/Profit for the Financial Year	7	<u><u>(172,146)</u></u>	<u><u>114,470</u></u>

Statement of Total Recognised Gains and Losses
For the year ended 31st December 1999

(Loss)/profit for the financial year	(127,146)	126,470
Unrealised surplus on revaluation of freehold property	<u>218,150</u>	<u>-</u>
Total gains and losses recognised since last Annual Report	<u><u>91,004</u></u>	<u><u>126,470</u></u>

South Essex Insurance Group Limited
Consolidated Balance Sheet at 31st December 1999

	Note	1999 £	1999 £	1998 £	1998 £
Fixed Assets					
Intangible assets	8		85,932		101,555
Tangible assets	9		1,172,266		918,953
Investments	10		<u>4,000</u>		<u>4,000</u>
			1,262,198		1,024,508
Current Assets					
Stocks	11	135,346		134,147	
Debtors	12	2,355,632		2,196,089	
Cash at bank and in hand:					
Insurance broking accounts		17,227		30,056	
Office accounts		<u>73,142</u>		<u>538,242</u>	
		2,581,347		2,898,534	
Creditors: Amounts falling due within one year	13	<u>2,788,756</u>		<u>2,971,496</u>	
Net Current Liabilities			<u>(207,409)</u>		<u>(72,962)</u>
Total Assets less Current Liabilities			1,054,789		951,546
Creditors: Amounts falling due after more than one year	14		<u>364,715</u>		<u>375,208</u>
Net Assets			<u><u>690,074</u></u>		<u><u>576,338</u></u>
Capital and Reserves					
Called up share capital - equity interests	15		1,000		1,000
Revaluation reserve	15		285,882		-
Profit and loss account	15		<u>403,192</u>		<u>575,338</u>
Shareholders' Funds			<u><u>690,074</u></u>		<u><u>576,338</u></u>

The financial statements were approved by the director on 21 June 2000

B.W. Fehler  Director

South Essex Insurance Group Limited
Balance Sheet at 31st December 1999

	Note	1999 £	1999 £	1998 £	1998 £
Fixed Assets					
Tangible assets	9		150,711		166,789
Investments	10		<u>3,575,000</u>		<u>3,575,000</u>
			3,725,711		3,741,789
Current Assets					
Stocks	11	123,246		106,000	
Debtors	12	<u>34,717</u>		<u>135,057</u>	
		157,963		241,057	
Creditors: Amounts falling due within one year	13	<u>245,254</u>		<u>172,556</u>	
Net Current (Liabilities)/Assets			<u>(87,291)</u>		<u>68,501</u>
Total Assets less Current Liabilities			3,638,420		3,810,290
Creditors: Amounts falling due after more than one year	14		<u>143,146</u>		<u>153,947</u>
Net Assets			<u><u>3,495,274</u></u>		<u><u>3,656,343</u></u>
Capital and Reserves					
Called up share capital - equity interests	15		1,000		1,000
Revaluation reserve	15		2,800,000		2,800,000
Profit and loss account	15		<u>694,274</u>		<u>855,343</u>
Shareholders' Funds			<u><u>3,495,274</u></u>		<u><u>3,656,343</u></u>

The financial statements were approved by the director on 21 June 2000

B.W. Fehler  Director

South Essex Insurance Group Limited
Consolidated Cash Flow Statement
For the year ended 31st December 1999

	Note	1999 £	1999 £	1998 £	1998 £
Net Cash (Outflow)/Inflow from Operating Activities	1		(440,966)		150,101
Returns on Investments and Servicing of Finance					
Interest received		176,612		167,164	
Interest paid		<u>(62,392)</u>	114,220	<u>(72,606)</u>	94,558
Taxation			(34,796)		(3,000)
Capital Expenditure and Financial Investment					
Purchase of tangible fixed assets		(180,750)		(241,525)	
Receipts from sale of tangible fixed assets		<u>94,325</u>	(86,425)	<u>112,735</u>	(128,790)
Equity Dividend Paid			(45,000)		(12,000)
Financing					
Repayment of loans			<u>(24,286)</u>		<u>(21,001)</u>
(Decrease)/Increase in Cash	2		<u>(517,253)</u>		<u>79,868</u>

Reconciliation of Net Cash Flow to Movement in Net Debt

	£	£
(Decrease)/Increase in cash in the year	(517,253)	79,868
Net funds at 1st January 1999	<u>402,349</u>	<u>322,481</u>
Net (debt)/funds at 31st December 1999	<u>(114,904)</u>	<u>402,349</u>

South Essex Insurance Group Limited
Notes to the Consolidated Cash Flow Statement
For the year ended 31st December 1999

1 Reconciliation of Operating (Loss)/Profit to Net Cash (Outflow)/Inflow from Operating Activities	1999 £	1998 £
Operating (loss)/profit	(249,070)	76,911
Depreciation and amortisation	140,487	142,723
Profit on sale of tangible fixed assets	(5,870)	(45,115)
Increase in stock	(1,199)	(22,261)
Increase in debtors	(159,543)	(355,433)
(Decrease)/increase in creditors	<u>(165,771)</u>	<u>353,276</u>
Net Cash (Outflow)/Inflow from Operating Activities	<u>(440,966)</u>	<u>150,101</u>

2 Analysis of changes in Net Debt

	At 1.1.99 £	Cash Flow £	At 31.12.99 £
Cash at bank and in hand:			
Insurance broking account	30,056	(12,829)	17,227
Office account	538,242	(465,100)	73,142
Bank loans and overdrafts - Insurance Broking Account	-	(154,686)	(154,686)
- Office Account	<u>(165,949)</u>	<u>115,362</u>	<u>(50,587)</u>
	<u>402,349</u>	<u>(517,253)</u>	<u>(114,904)</u>

South Essex Insurance Group Limited

Notes to the Financial Statements

For the year ended 31st December 1999

1 Accounting Policies

Accounting Basis and Standards

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

The group acts as an agent in broking the insurable risks of its clients and, generally, is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the company's legal relationship with clients and underwriters and since in practice premiums and claim monies are usually accounted for by insurance intermediaries, it has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the group itself.

Consolidation

The consolidated financial statements incorporate the financial statements of South Essex Insurance Group Limited and its group undertakings. The financial statements of all group undertakings are made up to 31st December annually.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets over their estimated useful lives as follows:

Freehold land	nil
Freehold buildings	1% per annum
Motor vehicles	4 years straight line
Furniture, fittings and equipment	between 5 and 10 years straight line

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred Taxation

Deferred taxation is provided in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

Commission

Commission, other than life commission, is credited to the profit and loss account in accordance with amounts receivable from insurance companies. Life commissions are credited to the profit and loss account as they are received.

Foreign Currencies

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Assets held under foreign currencies are translated into Sterling at the rate of exchange ruling at the end of the financial year. All exchange differences are dealt with in the profit and loss account.

Goodwill

Goodwill is determined by comparing the amount paid on the acquisition of a business and the aggregate fair value of its separable net liabilities and is written off over its estimated economic life of 15 years.

Leasing and Hire Purchase

Assets held under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged in the profit and loss account over the period of the lease. Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pension Scheme Arrangements

Pension arrangements are being made for certain individuals employed by the group. Such arrangements all relate to money purchase schemes (defined contributions) and may at the sole discretion of the group be discontinued at any time with no outgoing liability to the group. Such contributions are held in trustee administered funds completely independent of the group's finances. The contributions made by the group are charged against profits on an accruals basis.

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 1999 (Continued)

2 Turnover

Turnover represents the value of services provided where invoiced in full. Deposits received have been treated as deferred income. Commission represents commission receivable from insurance companies.

3 Staff Numbers and Costs

The average number of persons employed by the group (including the director) during the year was as follows:

	1999	1998
Management	3	3
Administration	16	16
Clerical	63	54
Farm staff and grooms	2	2
	<u>84</u>	<u>75</u>

The aggregate payroll costs of these persons were as follows:

	1999 £	1998 £
Wages and salaries	1,157,427	1,077,063
Social security costs	103,987	99,557
Pension contributions	26,065	19,989
	<u>1,287,479</u>	<u>1,196,609</u>

Director's emoluments	<u>72,431</u>	<u>96,540</u>
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4 Interest Payable and Similar Charges

On bank loans and overdrafts and other loans repayable by instalments:

	1999 £	1998 £
within five years	33,489	40,361
after five years	26,761	26,166
Finance lease and hire purchase interest	6,510	6,079
	<u>66,760</u>	<u>72,606</u>

5 (Loss)/Profit on Ordinary Activities before Taxation

This is stated after charging:

	1999 £	1998 £
Auditors' remuneration and expenses	19,464	23,657
Depreciation:		
Owned tangible fixed assets	78,333	81,869
Assets held under finance leases	46,531	45,231
Amortisation of goodwill	15,623	15,623
Loss on foreign exchange	19,201	2,836
Operating lease charges - office equipment	<u>13,028</u>	<u>17,786</u>

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 1999 (Continued)

6	Taxation	1999	1998
		£	£
	UK corporation tax credit/(charge) for the current year	<u>7,704</u>	<u>(44,999)</u>
7	(Loss)/Profit for the Financial Year	1999	1998
		£	£
	Dealt with in the accounts of the company	25,601	49,359
	Retained by group undertakings	<u>(197,747)</u>	<u>65,111</u>
		<u>(172,146)</u>	<u>114,470</u>

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these financial statements.

8	Intangible Assets	Goodwill
		£
	Cost	
	At 1st January 1999 and at 31st December 1999	<u>234,351</u>
	Amortisation	
	At 1st January 1999	132,796
	Charge for the year	<u>15,623</u>
	At 31st December 1999	<u>148,419</u>
	Net Book Value	
	At 31st December 1999	<u>85,932</u>
	At 31st December 1998	<u>101,555</u>

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 1999 (Continued)

9 Tangible Assets

Company	Furniture, Fittings and Equipment	Freehold Property	Total
Cost	£	£	£
At 1st January 1999	217,147	88,097	305,244
Additions	14,104	-	14,104
At 31st December 1999	231,251	88,097	319,348
Depreciation			
At 1st January 1999	137,494	961	138,455
Charge for the year	29,701	481	30,182
At 31st December 1999	167,195	1,442	168,637
Net Book Value			
At 31st December 1999	64,056	86,655	150,711
At 31st December 1998	79,653	87,136	166,789

The net book value of the company's fixed assets includes an amount of £Nil (1998 - £9,411) in respect of assets held under finance leases and hire purchase contracts.

Freehold land valued at £40,000 is not depreciated.

Group	Freehold Properties	Motor Vehicles	Furniture, Fittings and Equipment	Total
Cost or valuation	£	£	£	£
At 1st January 1999	629,700	328,083	742,441	1,700,224
Additions	-	138,185	42,565	180,750
Surplus on revaluation	276,732	-	-	276,732
Disposals	-	(155,342)	-	(155,342)
At 31st December 1999	906,432	310,926	785,006	2,002,364
Depreciation				
At 1st January 1999	16,063	167,208	598,000	781,271
Charge for the year	974	64,639	59,251	124,864
Revaluation adjustment	(9,150)	-	-	(9,150)
Disposals	-	(66,887)	-	(66,887)
At 31st December 1999	7,887	164,960	657,251	830,098
Net Book Value				
At 31st December 1999	898,545	145,966	127,755	1,172,266
At 31st December 1998	613,637	160,875	144,441	918,953

Certain freehold property assets of the group were revalued to £739,000 as at 31st December 1999 by Gerald Cope & Co., Chartered Surveyors, and Calcutt Maclean Standen, Chartered Surveyors, on an open market basis. Both firms are external to the group. The remaining freehold properties continue to be stated at cost less depreciation.

The net book value of the group's fixed assets includes an amount of £128,037 (1998 - £122,224) in respect of assets held under finance leases and hire purchase contracts.

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 1999 (Continued)

10 Investments	Subordinated Loan to Group Undertakings	Shares in Group Undertakings	Total
Company	£	£	£
Cost or Valuation			
At 1st January 1999 and at 31st December 1999	<u>271,000</u>	<u>3,304,000</u>	<u>3,575,000</u>

The following details relate to the company's wholly owned subsidiary undertakings, all of which are incorporated in Great Britain. All three subsidiaries are included in the consolidated financial statements.

The company's investment in South Essex Insurance Brokers Limited was revalued by the Director on 31 December 1995 to reflect its market value.

The revaluation was carried out on the basis of market values of comparable companies that were sold during 1995.

Subsidiary Undertaking	Class of Shares Held	Nature of Business
South Essex Insurance Brokers Limited	Ordinary	Insurance Brokers
Harlequin Worldwide Travel Limited	Ordinary	Travel Agents
South Essex Equestrian Services Limited	Ordinary	Equestrian Services
Group		1999 1998
		£ £
Unlisted investments at cost		<u>4,000</u> <u>4,000</u>

11 Stocks	1999	1998
Company	£	£
Show horses and livestock	113,200	106,000
Animal feed	<u>10,046</u>	<u>-</u>
	<u>123,246</u>	<u>106,000</u>
Group		
Show horses and livestock	125,300	123,100
Animal feed	<u>10,046</u>	<u>11,047</u>
	<u>135,346</u>	<u>134,147</u>

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 1999 (Continued)

12 Debtors	1999 £	1998 £
Company		
Amounts owed by group undertakings	-	117,107
Other debtors	8,039	13,044
Prepayments and accrued income	<u>26,678</u>	<u>4,906</u>
	<u>34,717</u>	<u>135,057</u>
Group		
Amounts owed by principals and insurance companies in respect of insurance transactions	1,997,137	1,828,472
Trade debtors	53,935	96,548
Other debtors	200,995	223,849
Prepayments and accrued income	<u>103,565</u>	<u>47,220</u>
	<u>2,355,632</u>	<u>2,196,089</u>

Other debtors include an amount of £100,000 receivable after more than one year.

Also included in other debtors is an amount of £1,141 due from B.W. Fehler, the director. The maximum amount during 1999 was £26,670. Debit balances on director's account are unsecured and interest free.

13 Creditors: Amounts falling due within one year	1999 £	1998 £
Company		
Bank loans and overdrafts	34,911	11,254
Amounts due to group undertakings	197,345	146,114
Obligations under finance leases	-	1,177
Accruals and deferred income	<u>12,998</u>	<u>14,011</u>
	<u>245,254</u>	<u>172,556</u>
Group		
Bank loans and overdrafts - insurance broking account	154,686	-
- other accounts	91,727	207,090
Amounts owed to principals and insurance companies in respect of insurance transactions	1,810,216	1,757,613
Trade creditors	417,344	562,531
Corporation tax	-	42,500
Social security and other taxes	40,314	42,924
Other creditors	18,971	63,355
Obligations under finance leases	58,169	50,814
Accruals and deferred income	<u>197,329</u>	<u>244,669</u>
	<u>2,788,756</u>	<u>2,971,496</u>

Bank loans and overdrafts are secured by a fixed and floating charge over the assets of the group.

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 1999 (Continued)

14 Creditors: Amounts falling due after more than one year	1999 £	1998 £
Company		
Bank loan	33,146	43,947
Director's loan	<u>110,000</u>	<u>110,000</u>
	<u>143,146</u>	<u>153,947</u>
Group		
Bank loans	176,590	200,875
Director's loan	110,000	110,000
Obligations under finance leases	8,125	19,333
Pension scheme	<u>70,000</u>	<u>45,000</u>
	<u>364,715</u>	<u>375,208</u>
Bank loans repayable by instalments:		
in more than one year but not more than two years	41,140	41,140
in more than two years but not more than five years	113,362	124,163
in more than five years	<u>22,088</u>	<u>35,572</u>
	<u>176,590</u>	<u>200,875</u>

The bank loans totalling £64,691(1998: £72,420) and £78,753 (1998: £84,508) are repayable in instalments by March 2007 and October 2010 respectively, and carry interest at 3% over Barclays Bank plc base rate and 10.7% respectively. The loans are secured on the group's freehold properties.

	1999 £	1998 £
The amount owed to pension scheme is repayable:		
Between two and five years	<u>70,000</u>	<u>45,000</u>

15 Shareholders' Funds	Called up Share Capital £	Revaluation Reserve £	Profit and Loss Account £	Total £
Company				
Balance at 1st January 1999	1,000	2,800,000	855,343	3,656,343
Transfer from profit and loss account	<u>-</u>	<u>-</u>	<u>25,601</u>	<u>25,601</u>
Balance at 31st December 1999	<u>1,000</u>	<u>2,800,000</u>	<u>880,944</u>	<u>3,681,944</u>
Balance at 1st January 1998	1,000	2,800,000	805,984	3,606,984
Transfer from profit and loss account	<u>-</u>	<u>-</u>	<u>49,359</u>	<u>49,359</u>
Balance at 31st December 1998	<u>1,000</u>	<u>2,800,000</u>	<u>855,343</u>	<u>3,656,343</u>

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 1999 (Continued)

15 Shareholders' Funds (continued)

Group	Called up Share Capital £	Revaluation Reserve £	Profit and Loss Account £	Total £
Balance at 1st January 1999	1,000	-	575,338	576,338
Surplus on property revaluation	-	285,882	-	285,882
Transfer from profit and loss account	-	-	(172,146)	(172,146)
Balance at 31st December 1999	<u>1,000</u>	<u>285,882</u>	<u>403,192</u>	<u>690,074</u>
Balance at 1st January 1998	1,000	-	460,868	461,868
Transfer from profit and loss account	-	-	114,470	114,470
Balance at 31st December 1998	<u>1,000</u>	<u>-</u>	<u>575,338</u>	<u>576,338</u>

The authorised share capital comprises:

	1999 £	1998 £
Authorised:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

16 Future Financial Commitments

Operating Leases

At 31st December 1999 the group had annual commitments under operating leases as set out below:

	1999		1998	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating leases which expire:				
within one year	-	283	-	-
in the second to fifth years	-	3,097	-	4,228
after five years	<u>14,000</u>	-	<u>14,000</u>	-
	<u>14,000</u>	<u>3,380</u>	<u>14,000</u>	<u>4,228</u>

Finance Leases

At 31st December 1999 the group had obligations under finance leases and hire purchase contracts which are set out below:

	1999 £	1998 £
Gross amount payable:		
within one year	65,398	57,749
in the second to fifth years	<u>6,159</u>	<u>21,379</u>
	71,557	79,128
Deduct: Finance charges allocated to future periods	<u>5,263</u>	<u>8,981</u>
	<u>66,294</u>	<u>70,147</u>

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For the year ended 31st December 1999 (Continued)

17 Contingent Liabilities

The company has entered into a guarantee with other group companies to secure the bank borrowings of the group companies, which is secured by a fixed and floating charge over the assets of the group. At 31st December 1999 the potential liability amounted to £217,729 (1998 - £242,468).

The group has given Barclays Bank plc and insurance companies a general indemnity in respect of bonds issued by the bank in favour of the Association of British Travel Agents (ABTA), the International Air Transportation Authority (IATA), and the Civil Aviation Authority (CAA). The amount of these bonds at 31st December 1999 was £575,000 (1998 - £651,975).

18 Controlling Party

The controlling party is Mr. B.W. Fehler by virtue of his ownership of 100% of the issued share capital in the company.