

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED

779,100

MODIFIED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 1988



**Kingston Smith** Chartered Accountants

Devonshire House  
16 Bishopsgate  
London  
EC2M 4JX

Surrey House  
Surrey Street  
Croydon  
Surrey CR0 1SZ

790 Uxbridge Road  
Hayes  
Middlesex  
UB4 0RS

Exchange House  
180-182 St. Mary's Lane  
Upminster  
Essex RM14 3BT

105 St. Peter's Street  
St. Albans  
Herts  
AL1 3EJ

REPORT OF THE AUDITORS TO THE DIRECTOR OF  
SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED  
UNDER SCHEDULE 8 PARA 10(3) OF THE COMPANIES ACT 1985

We have examined the financial statements on pages two to four which have been modified, in the manner permitted for a small Company, from the accounts of the Company prepared for its members for the year ended 31st December 1988.

In our opinion, the Director is entitled to deliver modified accounts in respect of the year ended 31st December 1988 and the modified accounts attached are properly prepared in accordance with Schedule 8 of the Companies Act 1985.

We set out below the text of our report dated 26th June 1989 to the members on the unmodified accounts for the year ended 31st December 1988.

'We have audited the financial statements on pages two to fourteen in accordance with approved Auditing standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group at 31st December 1988 and of its Profit and Source and Application of Funds for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.'

*Kingsman Smith*  
KINGSTON SMITH  
Chartered Accountants

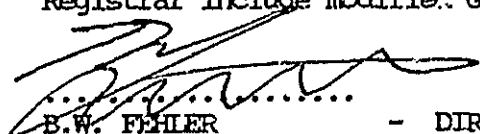
Devonshire House,  
146 Bishopsgate,  
London, EC2M 4JX.

*26th June 1989*

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED  
MODIFIED CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 1988

	<u>Note</u>	<u>1988</u>	<u>1987</u>
<u>FIXED ASSETS</u>			
Tangible Assets		316,528	307,502
<u>CURRENT ASSETS</u>			
Show Horses		20,550	8,850
Debtors		330,328	240,714
Cash at Bank and in Hand:			
Insurance Broking Accounts		361,914	254,361
Office Accounts		22,290	9,282
		<u>735,082</u>	<u>513,207</u>
<u>CREDITORS: AMOUNTS FALLING</u> <u>DUE WITHIN ONE YEAR</u>		<u>802,229</u>	<u>595,586</u>
<u>NET CURRENT LIABILITIES</u>		<u>(67,147)</u>	<u>(82,379)</u>
<u>TOTAL ASSETS LESS CURRENT</u> <u>LIABILITIES</u>		249,381	225,123
<u>CREDITORS: AMOUNTS FALLING</u> <u>DUE AFTER MORE THAN ONE</u> <u>YEAR</u>		79,514	136,627
<u>PROVISION FOR LIABILITIES</u> <u>AND CHARGES</u>		<u>7,560</u>	<u>4,086</u>
<u>NET ASSETS</u>		<u>£162,307</u>	<u>£ 84,410</u>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	2	1,000	1,000
Revaluation Reserve		-	19,245
Profit and Loss Account		161,307	64,165
		<u>£162,307</u>	<u>£ 84,410</u>

In preparing these modified financial statements, I have relied on Sections 247 to 249 of the Companies Act 1985 as enabling me to deliver financial statements modified as for a Small Company. By virtue of Section 250 of the same Act, the documents delivered to the Registrar include modified Group Accounts.

  
B.W. FEHLER - DIRECTOR

The financial statements were approved by the Director  
on 26th July 1989.

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED  
NOTES TO THE MODIFIED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 1988

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared under the historical cost accounting rules set out in the 4th Schedule to the Companies Act 1985.

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 Company itself.

(b) Consolidation

(i) The consolidated financial statements incorporate the financial statements of South Essex Insurance Brokers Group Limited and its Subsidiary. The financial statements of both group companies are made up to 31st December annually.

(ii) A separate Profit and Loss Account dealing solely with the results of the Company has not been presented.

(c) Depreciation and Amortisation

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

Freehold Buildings	- 1% per annum
Leasehold Land and Buildings	- Period of Lease
Motor Vehicles	- 4 years
Fixtures, Fittings and Equipment	- Between 5 and 10 years

(d) 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.

(e) Commission

Commission, other than life commission, is credited to the Profit and Loss Account in accordance with the accounts agreed with insurance companies. Life commissions are credited to the Profit and Loss Account as they are received.

(f) Foreign Currencies

Assets held in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial year. All exchange differences are dealt with in the Profit and Loss Account.

(g) 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 Profit and Loss Account over the period of lease.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED  
NOTES TO THE MODIFIED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 1988 (CONTINUED)

2. <u>SHARE CAPITAL</u>	<u>1988</u>	<u>1987</u>
Authorised:		
1,000 Ordinary Shares of £1 per Share	£ 1,000	£ 1,000
	<u>          </u>	<u>          </u>
Called up Share Capital, Allotted and		
Fully Paid:		
1,000 Ordinary Shares of £1 per Share	£ 1,000	£ 1,000
	<u>          </u>	<u>          </u>