

10-008-92

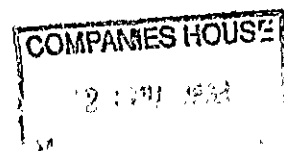
SOUTH ESSEX INSURANCE BROKERS

COMPANY NO. 779100

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 1991



Kingston Smith Chartered Accountants

Devonshire House
146 Bishopsgate
London
EC2M 4JX

Surrey House
Surrey Street
Croydon
Surrey CR0 1SZ

Middlesex House
800 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

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 1991

I N D E X

- 1 Report of the Directors
- 2 Report of the Auditors
- 3 Consolidated Profit and Loss Account
- 4 Consolidated Balance Sheet
- 5 Balance Sheet
- 6 - 13 Notes to the Financial Statements

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED
REPORT OF THE DIRECTOR

The Director presents his annual report and the audited financial statements for the year ended 31st December 1991.

Director

B. Fehler

Business Review

The principal activity of the Company and its Subsidiaries is that of Insurance Brokers, Mortgage and Finance Consultants and Travel Agents. Results of the Group are considered satisfactory with both Subsidiaries performing well in difficult markets.

Dividends

Interim dividend of £30 per share was paid during the year.

The Director does not propose payment of a final dividend.

Director

The interest of the Director in the share capital was as follows:

	<u>1991</u>	<u>1990</u>
B. Fehler	1,000	1,000

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.

Post Balance Sheet Event

The Company has obtained an additional office building, giving an extra 2,000 square feet of office space. Staff have already been moved into the new building following its refurbishment and it is expected that the extra space now available will enable us to continue our expansion programme.

BY ORDER OF THE BOARD

J.H. Fehler

J.H. FEHLER
Secretary

South Essex House,
North Road,
South Ockendon,
Essex.

1000-92

REPORT OF THE AUDITORS TO THE MEMBERS OF
SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED

We have audited the financial statements on pages three to thirteen 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 and of the Group as at 31st December 1991 and of the Profit for the the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kingston Smith.

KINGSTON SMITH
Chartered Accountants
and Registered Auditor

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

9th July 1992.

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1991

	<u>Note</u>	<u>1991</u>	<u>1990</u>
<u>TURNOVER</u>	1(e), 2	1,195,018	512,058
Cost of Sales		(1,026,604)	(485,460)
<u>GROSS PROFIT</u>		168,414	26,598
Commission Received	1(g)	1,282,655	1,096,695
Administrative Expenses		(1,148,516)	(1,106,434)
Other Operating Charges		(126,894)	(74,427)
Interest Receivable and Similar Income		18,615	23,237
Interest Payable and Similar Charges	4	(42,075)	(26,224)
<u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	5	152,199	(60,555)
Taxation	6	54,981	(5,050)
<u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</u>	7	97,218	(55,505)
Dividends		30,000	-
<u>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</u>		67,218	(55,505)
<u>RETAINED PROFIT BROUGHT FORWARD</u>		117,342	172,847
<u>RETAINED PROFIT CARRIED FORWARD</u>		<u>£ 184,560</u>	<u>£117,342</u>

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 1991

	<u>Note</u>	<u>1991</u>	<u>1990</u>
<u>FIXED ASSETS</u>			
Intangible Assets	8	210,916	226,539
Tangible Assets	9	276,068	344,592
		<u>486,984</u>	<u>571,131</u>
<u>CURRENT ASSETS</u>			
Stocks	11	12,100	24,144
Show Horses		33,500	29,500
Debtors	12	405,646	271,589
Cash at Bank and in Hand			
- Insurance Broking Account		205,132	312,072
- Office Account		7,924	20,340
		<u>664,302</u>	<u>657,645</u>
<u>CREDITORS: AMOUNTS FALLING</u>			
<u>DUE WITHIN ONE YEAR</u>	13	<u>798,005</u>	<u>939,407</u>
<u>NET CURRENT LIABILITIES</u>		<u>(133,703)</u>	<u>(281,762)</u>
<u>TOTAL ASSETS LESS CURRENT</u>			
<u>LIABILITIES</u>		<u>353,281</u>	<u>289,369</u>
<u>CREDITORS: AMOUNTS FALLING</u>			
<u>DUE AFTER MORE THAN ONE</u>			
<u>YEAR</u>	14	<u>167,721</u>	<u>171,027</u>
<u>NET ASSETS</u>		<u>£185,560</u>	<u>£118,342</u>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	15	1,000	1,000
Profit and Loss Account		184,560	117,342
		<u>£185,560</u>	<u>£118,342</u>


.....
B.W. FEHLER

- DIRECTOR

The financial statements were approved by the Director
on 4th July 1992.

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 1991

	<u>Note</u>	<u>1991</u>	<u>1990</u>
<u>FIXED ASSETS</u>			
Tangible Assets	9	15,000	15,000
Investments	10	156,000	31,000
		<u>171,000</u>	<u>46,000</u>
<u>CURRENT ASSETS</u>			
Debtors	12	122,719	24,222
Cash at Bank and in Hand		<u>2,226</u>	<u>2,382</u>
		124,945	26,604
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	13	<u>43,290</u>	<u>43,264</u>
<u>NET CURRENT ASSETS/(LIABILITIES)</u>		<u>81,655</u>	<u>(16,660)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		252,655	29,340
<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	14	<u>125,000</u>	<u>-</u>
<u>NET ASSETS</u>		<u>£127,655</u>	<u>£ 29,340</u>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	15	1,000	1,000
Profit and Loss Account		<u>126,655</u>	<u>28,340</u>
		<u>£127,655</u>	<u>£ 29,340</u>


B.W. FEHLER - DIRECTOR

The financial statements were approved by the Director
on 9th July 1992.

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1991

1. ACCOUNTING POLICIES

(a) Accounting Basis and Standards

The financial statements have been prepared under the historical cost convention 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 Company itself.

(b) Consolidation

(i) The consolidated financial statements incorporate the financial statements of South Essex Insurance Brokers Group Limited and its Group Undertakings. The financial statements of all group undertakings 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

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 Property	- 1% per annum
Long Leasehold Property	- Period of Lease
Motor Vehicles	- 4 years
Furniture, Fittings and Equipment	- Between 5 and 10 years

(d) Stocks

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

(e) Turnover

Turnover represents the value of services provided where invoiced in full. Deposits received have been treated as deferred income.

(f) 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.

(g) 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.

(h) 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.

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1991 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

(i) 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.

(j) 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.

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 Director) during the year was as follows:

	<u>1991</u>	<u>1990</u>
Management	4	3
Administration	11	12
Clerical	31	26
	<hr/>	<hr/>
Total Employees	46	41
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

Wages and Salaries	535,814	431,617
Social Security Costs	56,588	41,411
Pension Contributions	10,841	9,326
	<hr/>	<hr/>
	£603,243	£482,354
	<hr/>	<hr/>

4. INTEREST PAYABLE AND SIMILAR CHARGES

On Bank Loans and Overdrafts and
 Other Loans repayable within
 five years
 Finance Lease and Hire Purchase
 Interest

28,885	14,913
<hr/>	<hr/>
13,340	11,311
<hr/>	<hr/>
£ 42,075	£ 26,224
<hr/>	<hr/>

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1991 (CONTINUED)

5. (a) <u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES</u> <u>BEFORE TAXATION</u>	<u>1991</u>	<u>1990</u>
Profit/(Loss) on Ordinary Activities before Taxation is stated after charging:		
Auditors' Remuneration and Expenses	10,050	8,440
Director's Emoluments	56,730	36,106
Depreciation:		
Owned Tangible Fixed Assets	39,487	38,696
Assets held under Finance Leases	58,407	63,408
Operating Lease Charges	11,538	6,456
	<u> </u>	<u> </u>
 (b) <u>Director's Emoluments</u>		
Remuneration	39,800	31,560
Other Emoluments	16,930	4,546
	<u> </u>	<u> </u>
	£ 56,730	£ 36,106
	<u> </u>	<u> </u>
 6. <u>TAXATION</u>		
Taxation charge/(credit) based on results for the year:		
Corporation Tax based on the results for the year at the rate of 25% (1990 - 25%)	52,155	3,508
Deferred Tax	-	(2,109)
Under/Overprovision in prior year	2,826	(6,449)
	<u> </u>	<u> </u>
	£ 54,981	£ (5,050)
	<u> </u>	<u> </u>
 7. <u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES</u> <u>AFTER TAXATION</u>		
Dealt with in the Accounts of the Company	(1,685)	(1,185)
Retained by Group Undertakings	98,903	(54,320)
	<u> </u>	<u> </u>
	£ 97,218	£ (55,505)
	<u> </u>	<u> </u>
 8. <u>FIXED ASSETS -- INTANGIBLE</u>		
<u>Goodwill</u>		
Cost:		
At 1st January 1991 and at 31st December 1991	£234,351	
	<u> </u>	
Amortisation:		
At 1st January 1991	7,812	
Charge for the year	15,623	
	<u> </u>	
At 31st December 1991	£ 23,435	
	<u> </u>	
Net Book Value:		
At 31st December 1991	£210,916	
	<u> </u>	
At 31st December 1990	£226,539	
	<u> </u>	

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1991 (CONTINUED)

9. FIXED ASSETS - TANGIBLE

Holding Company

Cost or Valuation

At 1st January 1991 and
31st December 1991

<u>Freehold Properties</u>	<u>Total</u>
£ 15,000	£ 15,000

Depreciation

At 1st January 1991 and
31st December 1991

£ -	£ -
-----	-----

Net Book Value

At 31st December 1991

£ 15,000	£ 15,000
----------	----------

At 31st December 1990

£ 15,000	£ 15,000
----------	----------

Group

Cost or Valuation

At 1st January 1991
Additions
Disposals

<u>Freehold Property</u>	<u>Long Leasehold Property</u>	<u>Motor Vehicles</u>	<u>Furniture, Fittings and Equipment</u>	<u>Total</u>
94,335	9,926	251,428	306,199	661,888
-	-	52,208	16,170	68,378
-	-	(78,013)	-	(78,013)

At 31st December 1991

£ 94,335	£ 9,926	£225,623	£322,369	£652,253
----------	---------	----------	----------	----------

Depreciation

At 1st January 1991
Charge for the year
Disposals

2,266	6,489	118,187	190,354	317,296
393	1,985	52,326	43,190	97,894
-	-	(39,005)	-	(39,005)

At 31st December 1991

£ 2,659	£ 8,474	£131,508	£233,544	£376,185
---------	---------	----------	----------	----------

Net Book Value

At 31st December 1991

£ 91,676	£ 1,452	£ 94,115	£ 88,825	£276,068
----------	---------	----------	----------	----------

At 31st December 1990

£ 92,069	£ 3,437	£133,241	£115,845	£344,592
----------	---------	----------	----------	----------

Freehold Land valued at £15,000 (£45,000 - Group) is not depreciated.

The net book value of the group's fixed assets includes an amount of £87,099 in respect of assets held under finance leases and hire purchase contracts.

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1991 (CONTINUED)

10. FIXED ASSETS - INVESTMENTS

<u>Cost</u>	<u>Subordinated Loan to Group Undertakings</u>	<u>Shares in Group Undertakings</u>	<u>Total</u>
At 1st January 1991	-	31,000	31,000
Additions	125,000	-	125,000
At 31st December 1991	<u>£125,000</u>	<u>£ 31,000</u>	<u>£156,000</u>

11. STOCKS

<u>Group</u>	<u>1991</u>	<u>1990</u>
Stocks of Brochures	<u>£ 12,100</u>	<u>£ 24,144</u>

12. DEBTORS

<u>Holding Company</u>	22,719	24,222
Amounts owed by Group Undertakings	100,000	-
Other Debtors	<u>£122,719</u>	<u>£ 24,222</u>

Group

Amount due from Principals and Insurance Companies in respect of Insurance Transactions	281,148	205,601
Trade Debtors	12,868	6,907
Other Debtors	98,501	47,736
Prepayments and Accrued Income	13,129	11,345
	<u>£405,646</u>	<u>£271,589</u>

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1991 (CONTINUED)

13. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

	<u>1991</u>	<u>1990</u>
<u>Company</u>		
Amounts due to Group Undertakings	42,114	42,114
Accruals and Deferred Income	1,176	1,150
	<u>£ 43,290</u>	<u>£ 43,264</u>
<u>Group</u>		
Bank Loans and Overdrafts	50,589	73,039
Amounts due to Principals and Insurance Companies in respect of Insurance transactions	491,818	525,888
Trade Creditors	98,734	172,910
Obligations under Finance Leases	33,284	54,654
Other Creditors including Taxation and Social Security	83,532	55,592
Accruals and Deferred Income	40,048	57,324
	<u>£798,005</u>	<u>£939,407</u>

Other Creditors includes an amount of £69,256 (1990 - £34,039) relating to Taxation and Social Security, of which £50,892 (1990 - £19,454) relates to Corporation Tax payable 1st October 1992.

Bank Loans and Overdrafts included above amounting to £50,589 are secured on the freehold properties of the Group.

14. CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR

	<u>1991</u>	<u>1990</u>
<u>Company</u>		
Director's Loan	<u>£125,000</u>	<u>£ -</u>
<u>Group</u>		
Bank Loans	10,106	123,506
Other Loans	125,000	-
Obligations under Finance Leases	12,615	27,521
Pension Scheme	20,000	20,000
	<u>£167,721</u>	<u>£171,027</u>

Bank Loans included above amounting to £10,106 are secured on the freehold properties of the Group.

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1991 (CONTINUED)

<u>15. SHARE CAPITAL</u>	<u>1991</u>	<u>1990</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>

16. FUTURE FINANCIAL COMMITMENTS

(a) Operating Leases

At 31st December 1991 the Company had annual commitments under operating leases as set out below:

	<u>1991</u>
Operating Leases which expire:	
within one year	3,468
in the second to fifth years	9,322
after five years	3,108
	<u> </u>
	£15,898
	<u> </u>

(b) Finance Leases

At 31st December 1991 the Company had obligations under finance leases which are set out below:

Gross Amount Payable:		
within one year	40,356	66,838
in the second to fifth years	15,796	35,524
	<u> </u>	<u> </u>
	56,152	102,362
<u>Deduct:</u> Finance Charges allocated to future periods	(10,253)	(20,187)
	<u> </u>	<u> </u>
	£45,899	£82,175
	<u> </u>	<u> </u>

SOUTH ESSEX INSURANCE BROKERS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1991 (CONTINUED)

17. CONTINGENT LIABILITIES

The Company has entered an agreement whereby it guarantees the Group Undertaking bank loans and overdrafts.

18. TRANSACTIONS CONCERNING DIRECTOR

<u>Group</u>	<u>Outstanding at 31.12.1991</u>	<u>Maximum Liability during 1991</u>
(a) Included in Other Debtors are the following:		
Director's Current Account	9,059	9,059
Loan to Company in which the Director has a material interest	76,805	76,805
	<u>£ 85,864</u>	<u>£85,864</u>

The balance on Director's Current Account was repaid in full in 24th March 1992.

- (b) On 31st October 1991 a motor vehicle was purchased from the Company by Mrs. Fehler, wife of the Director, at market value.

19. GROUP UNDERTAKINGS

The Company wholly owns the following Companies which are both registered in England.

	<u>Activity</u>
South Essex Insurance Brokers Limited	Insurance Brokers
Harlequin Worldwide Travel Limited	Travel Agents