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# **SOUTH ESSEX INSURANCE GROUP LIMITED**

**Company No. 779100**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31ST DECEMBER 1995**



# 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 1995.

### Business Review

The companies within the South Essex Insurance Group carry on business as insurance brokers, mortgage and finance consultants, travel agents and the provision of equestrian schooling. The director considers that the results of the group are satisfactory in light of the prevailing economic climate.

### Results and Dividend

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

It is recommended that the whole of the retained profit be set aside to reserves.

### Fixed Assets

The movements in the fixed assets are set out in notes 9 to 12 of the financial statements. During the year the investments in the subsidiaries were revalued by the director.

### Director

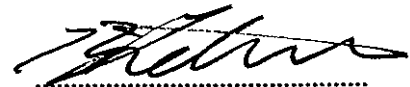
The interest of the director in the share capital was as follows:

	31.12.1995	1.1.1995
B.W. 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.

By Order of the Board



B.W. Fehler  
Director

South Essex House  
North Road  
South Ockendon  
Essex  
25 JUNE 1996

# **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 of the profit or loss of the company 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 company 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 company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company 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 and the accounting policies set out on page 8.

#### **Respective Responsibilities of Directors and Auditors**

As described above the company's directors are 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 directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company'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 1995 and of its profit and cash flows 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  
146 Bishopsgate  
London EC2M 4JX

25th June 1996

**South Essex Insurance Group Limited**  
**Consolidated Profit and Loss Account**  
**For the year ended 31st December 1995**

	Note	1995 £	1994 £
Turnover	2	1,651,503	1,462,557
Cost of sales		<u>(1,443,271)</u>	<u>(1,252,350)</u>
Gross Profit		208,232	210,207
Commission receivable	2	1,919,759	2,062,090
Administrative expenses		(2,177,983)	(2,212,712)
Interest receivable and similar income		117,554	24,773
Interest payable and similar charges	4	<u>(71,059)</u>	<u>(51,636)</u>
Loss/Profit on Ordinary Activities before Taxation	5	(3,497)	32,722
Taxation	6	<u>6,874</u>	<u>(13,016)</u>
Profit on Ordinary Activities after Taxation	7	3,377	19,706
Dividends on equity shares	8	<u>-</u>	<u>22,000</u>
Retained Profit for the Financial Year		3,377	(2,294)
Retained profit brought forward		<u>409,690</u>	<u>411,984</u>
Retained Profit Carried Forward	17	<u><u>413,067</u></u>	<u><u>409,690</u></u>

There are no recognised gains and losses in the year other than the profit for the year.

# South Essex Insurance Group Limited

## Consolidated Balance Sheet at 31st December 1995

	Note	1995 £	1995 £	1994 £	1994 £
<b>Fixed Assets</b>					
Intangible assets	9		148,424		164,047
Tangible assets	10		<u>949,472</u>		<u>724,107</u>
			1,097,896		888,154
<b>Current Assets</b>					
Tangible assets	12	-		323,856	
Stocks	13	134,510		109,915	
Debtors	14	1,330,018		784,853	
Cash at bank and in hand:					
Insurance broking accounts		220,157		380,271	
Office accounts		<u>104,782</u>		<u>115,505</u>	
		1,789,467		1,714,400	
<b>Creditors: Amounts falling due within one year</b>	15	<u>1,890,980</u>		<u>1,730,590</u>	
<b>Net Current Liabilities</b>			<u>(101,513)</u>		<u>(16,190)</u>
<b>Total Assets less Current Liabilities</b>			996,383		871,964
<b>Creditors: Amounts falling due after more than one year</b>	16		<u>409,056</u>		<u>461,274</u>
<b>Net Assets</b>			<u><u>587,327</u></u>		<u><u>410,690</u></u>
<b>Capital and Reserves</b>					
Called up share capital - equity interests	17		1,000		1,000
Revaluation reserve	17		173,260		-
Profit and loss account	17		<u>413,067</u>		<u>409,690</u>
			<u><u>587,327</u></u>		<u><u>410,690</u></u>

The financial statements were approved by the director on 25 June 1996

B.W. Fehler

Director

# South Essex Insurance Group Limited

## Balance Sheet at 31st December 1995

	Note	1995 £	1995 £	1994 £	1994 £
<b>Fixed Assets</b>					
Tangible assets	10		80,198		41,289
Investments	11		<u>3,330,000</u>		<u>504,000</u>
			3,410,198		545,289
<b>Current Assets</b>					
Debtors	14	56,374		38,997	
Cash at bank and in hand		<u>-</u>		<u>3,053</u>	
		56,374		42,050	
<b>Creditors: Amounts falling due within one year</b>	15	<u>92,375</u>		<u>17,617</u>	
<b>Net Current (Liabilities)/Assets</b>			<u>(36,001)</u>		<u>24,433</u>
<b>Total Assets less Current Liabilities</b>			3,374,197		569,722
<b>Creditors: Amounts falling due after more than one year</b>	16		<u>122,991</u>		<u>121,130</u>
<b>Net Assets</b>			<u><u>3,251,206</u></u>		<u><u>448,592</u></u>
<b>Capital and Reserves</b>					
Called up share capital - equity interests	17		1,000		1,000
Profit and loss account	17		450,206		447,592
Revaluation reserve	17		<u>2,800,000</u>		<u>-</u>
			<u><u>3,251,206</u></u>		<u><u>448,592</u></u>

The financial statements were approved by the director on 25 June 1996

B.W. Fehler

Director

**South Essex Insurance Group Limited**  
**Consolidated Cash Flow Statement**  
**For the year ended 31st December 1995**

	Note	1995 £	1995 £	1994 £	1994 £
Net Cash (Outflow)/Inflow from Operating Activities	1		(125,087)		325,743
Returns on Investment and Servicing of Finance					
Interest received		117,554		24,773	
Interest paid		(71,059)		(51,636)	
Dividends paid		<u>-</u>		<u>(22,000)</u>	
Net Cash Inflow/(Outflow) from Returns on Investments and Servicing of Finance			46,495		(48,863)
Taxation					
Corporation tax paid (including advance corporation tax)			(65,554)		(29,403)
Investing Activities					
Purchase of tangible fixed assets		(222,714)		(372,592)	
Receipts from sale of tangible fixed assets		<u>397,168</u>		<u>125,500</u>	
Net Cash Inflow/(Outflow) from Investing Activities			<u>174,454</u>		<u>(247,092)</u>
Increase in Cash Equivalents	2		<u><u>30,308</u></u>		<u><u>385</u></u>

**South Essex Insurance Group Limited**  
**Notes to the Consolidated Cash Flow Statement**  
**For the year ended 31st December 1995**

1	Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities	1995 £	1994 £
	Operating profit	(49,992)	59,585
	Depreciation	153,622	142,388
	Profit on sale of tangible fixed assets	(40,702)	(35,587)
	Increase in stock	(24,595)	(108,663)
	Increase in debtors	(545,165)	(210,184)
	Increase in creditors	<u>381,745</u>	<u>478,204</u>
	Net Cash (Outflow)/Inflow from continuing Operating Activities	<u>(125,087)</u>	<u>325,743</u>

2	Analysis of changes in cash and cash equivalents during the Year	1995 £	1994 £
	Balance at 1st January 1995	(45,223)	(45,608)
	Net cash inflow/(outflow)	<u>30,308</u>	<u>385</u>
	Balance at 31st December 1995	<u>(14,915)</u>	<u>(45,223)</u>

3 Analysis of the balances of cash and cash  
equivalents as shown in the Balance Sheet

	1995 £	1994 £	Change in year £
Cash at bank and in hand:			
Insurance broking account	220,157	380,271	(160,114)
Office account	104,782	115,505	(10,723)
Bank loan	<u>(339,854)</u>	<u>(540,999)</u>	<u>201,145</u>
	<u>(14,915)</u>	<u>(45,223)</u>	<u>30,308</u>



# South Essex Insurance Group Limited

## Notes to the Financial Statements

### For the year ended 31st December 1995

#### 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 company 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.

The investments in all subsidiaries have been revalued by the director at 31st December 1995 to allow for the current estimated market value.

A separate profit and loss account dealing solely with the results of the company has not been presented.

##### 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

##### 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

Assets held under foreign currencies are translated into sterling at the rates 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.

**South Essex Insurance Group Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st December 1995 (Continued)**

**1 Accounting Policies (Continued)**

**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 to 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.

**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:

	1995	1994
Management	3	3
Administration	13	13
Clerical	55	61
Farm staff and grooms	5	4
Total employees	<u>76</u>	<u>81</u>

The aggregate payroll costs of these persons were as follows:

	1995	1994
	£	£
Wages and salaries	878,578	865,938
Social security costs	74,846	70,735
Pension contributions	15,763	18,899
	<u>969,187</u>	<u>955,572</u>

Directors' emoluments:

Remuneration	56,757	56,364
Other emoluments	7,400	4,100
	<u>64,157</u>	<u>60,464</u>

Chairman and highest paid director

<u>64,157</u>	<u>60,464</u>
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**4 Interest Payable and Similar Charges**

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

	1995	1994
	£	£
within five years	24,927	24,456
after five years	33,138	22,203
Finance lease and hire purchase interest	10,757	4,977
Other interest	2,237	-
	<u>71,059</u>	<u>51,636</u>

**South Essex Insurance Group Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st December 1995 (Continued)**

<b>5</b>	<b>Profit on Ordinary Activities before Taxation</b>	<b>1995 £</b>	<b>1994 £</b>
	Profit on ordinary activities before taxation is stated after charging:		
	Auditors' remuneration and expenses	17,121	16,961
	Director's emoluments	64,157	60,464
	Depreciation:		
	Owned tangible fixed assets	69,916	63,885
	Assets held under finance leases	68,083	62,880
	Amortisation of goodwill	15,623	15,623
	Operating lease charges	<u>50,104</u>	<u>12,524</u>
	 Director's Emoluments		
	Remuneration	56,757	56,364
	Other emoluments	<u>7,400</u>	<u>4,100</u>
		<u>64,157</u>	<u>60,464</u>
 <b>6</b>	 <b>Taxation</b>	 <b>1995 £</b>	 <b>1994 £</b>
	Taxation credit/(charge) based on the results for the year:		
	Corporation tax based on the results for the year at the rate of 25% (1994 - 25%)	<u>6,874</u>	<u>(13,016)</u>
 <b>7</b>	 <b>Profit on Ordinary Activities after Taxation</b>	 <b>1995 £</b>	 <b>1994 £</b>
	Dealt with in the accounts of the company	(23,386)	(21,702)
	Retained by group undertakings	<u>26,763</u>	<u>41,408</u>
		<u>3,377</u>	<u>19,706</u>
 <b>8</b>	 <b>Dividends</b>	 <b>1995 £</b>	 <b>1994 £</b>
	Paid (£22 per share)	<u>-</u>	<u>22,000</u>

**South Essex Insurance Group Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st December 1995 (Continued)**

**9 Fixed Assets - Intangible**

<b>Goodwill</b>	<b>£</b>
<b>Cost</b>	
At 1st January 1995 and at 31st December 1995	<u>234,351</u>
<b>Amortisation</b>	
At 1st January 1995	70,304
Charge for the year	<u>15,623</u>
At 31st December 1995	<u>85,927</u>
<b>Net Book Value</b>	
At 31st December 1995	<u>148,424</u>
At 31st December 1994	<u>164,047</u>

**10 Fixed Assets - Tangible**

**Holding Company**

	<b>Furniture, Fittings and Equipment</b>
<b>Cost or valuation</b>	<b>£</b>
At 1st January 1995	65,952
Additions	63,705
At 31st December 1995	<u>129,657</u>
<b>Depreciation</b>	
At 1st January 1995	24,663
Charged in year	<u>24,796</u>
At 31st December 1995	<u>49,459</u>
<b>Net Book Value</b>	
At 31st December 1995	<u>80,198</u>
At 31st December 1994	<u>41,289</u>

The net book value of the company's fixed assets includes an amount of £46,382 (1994 - £24,657) 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 1995 (Continued)**

**10 Fixed Assets - Tangible (Continued)**

Group	Freehold Properties	Motor Vehicles	Fittings and Equipment	Total
Cost or valuation	£	£	£	£
At 1st January 1995	421,269	291,901	545,175	1,258,345
Additions	23,088	95,394	104,232	222,714
Surplus on revaluation	173,260	-	-	173,260
Disposals	-	(77,493)	(5,864)	(83,357)
At 31st December 1995	<u>617,617</u>	<u>309,802</u>	<u>643,543</u>	<u>1,570,962</u>
Depreciation				
At 1st January 1995	7,764	140,879	385,595	534,238
Charged in year	1,518	72,811	63,670	137,999
Disposals	-	(49,200)	(1,547)	(50,747)
At 31st December 1995	<u>9,282</u>	<u>164,490</u>	<u>447,718</u>	<u>621,490</u>
Net Book Value				
At 31st December 1995	<u>608,335</u>	<u>145,312</u>	<u>195,825</u>	<u>949,472</u>
At 31st December 1994	<u>413,505</u>	<u>151,022</u>	<u>159,580</u>	<u>724,107</u>

Freehold land is not depreciated.

The net book value of the group's fixed assets includes an amount of £176,372 (1994 - £164,212) in respect of assets held under finance leases and hire purchase contracts.

Certain freehold land and buildings were revalued as at 31st December 1995 by Bax Standen, Chartered Surveyors, on an open market basis.

Comparable historic cost for the freehold land and buildings included at valuation:

Cost	£
At 1st January 1995	<u>421,269</u>
At 31st December 1995	<u>444,357</u>
Depreciation based on cost	
At 1st January 1995	7,764
Charge for the year	<u>2,795</u>
At 31st December 1995	<u>10,559</u>
Net Book Value	
At 31st December 1994	<u>608,335</u>
At 31st December 1995	<u>413,505</u>

**South Essex Insurance Group Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st December 1995 (Continued)**

**11 Fixed Assets - Investments**

**Holding Company**

	Subordinated Loan to Group Undertakings	Shares in Group Undertakings	Total
Cost	£	£	£
At 1st January 1995	373,000	131,000	504,000
Exchanged for share capital	(373,000)	373,000	-
Surplus on revaluation in year	-	2,999,000	2,999,000
Deficit on revaluation in year		(199,000)	(199,000)
Addition in year	26,000	-	26,000
	<u>26,000</u>	<u>-</u>	<u>26,000</u>
At 31st December 1995	<u>26,000</u>	<u>3,304,000</u>	<u>3,330,000</u>

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

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 Schooling and Farming

**12 Tangible Assets**

	Freehold Land and Buildings held for future sale
Cost	£
At 1st January 1995	329,568
Disposal	<u>(329,568)</u>
At 31st December 1995	<u>-</u>
Depreciation	
At 1st January 1995	5,712
Disposal	<u>(5,712)</u>
At 31st December 1995	<u>-</u>
Net Book Value	
At 31st December 1995	<u>-</u>
At 31st December 1994	<u>323,856</u>

**South Essex Insurance Group Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st December 1995 (Continued)**

<b>13 Stocks</b>	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Show horses and livestock - at valuation	127,500	102,500
Farm crops	<u>7,010</u>	<u>7,415</u>
	<u><b>134,510</b></u>	<u><b>109,915</b></u>
 <b>14 Debtors</b>	 <b>1995</b>	 <b>1994</b>
	<b>£</b>	<b>£</b>
<b>Holding Company</b>		
Amounts owed by group undertakings	26,521	31,306
Other debtors	28,388	6,511
Prepayments and accrued income	<u>1,465</u>	<u>1,180</u>
	<u><b>56,374</b></u>	<u><b>38,997</b></u>
<b>Group</b>		
Amount due from principals and insurance companies in respect of insurance transactions	1,018,657	570,999
Trade debtors	17,620	15,207
Other debtors	240,680	183,883
Prepayments and accrued income	<u>53,061</u>	<u>14,764</u>
	<u><b>1,330,018</b></u>	<u><b>784,853</b></u>
 <b>15 Creditors: Amounts falling due within one year</b>	 <b>1995</b>	 <b>1994</b>
	<b>£</b>	<b>£</b>
<b>Holding Company</b>		
Bank loans and overdraft	32,900	-
Amounts due to group undertakings	7,500	-
Obligations under finance leases	23,742	10,274
Accruals and deferred income	<u>28,233</u>	<u>7,343</u>
	<u><b>92,375</b></u>	<u><b>17,617</b></u>
<b>Group</b>		
Bank loans and overdrafts	141,919	298,908
Amounts due to principals and insurance companies in respect of insurance transactions	1,259,750	946,063
Trade creditors	183,107	154,571
Obligations under finance leases	81,148	69,596
Corporation tax	22,054	88,983
Other creditors including taxation and social security	31,595	47,462
Accruals and deferred income	<u>171,407</u>	<u>125,007</u>
	<u><b>1,890,980</b></u>	<u><b>1,730,590</b></u>

Other creditors includes an amount of £27,045 (1994 - £31361) relating to taxation and social security.  
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 1995 (Continued)**

16 Creditors: Amounts falling due after more than one year	1995 £	1994 £
<b>Company</b>		
Director's loan	110,000	110,000
Obligations under finance leases	<u>12,991</u>	<u>11,130</u>
	<u>122,991</u>	<u>121,130</u>
<b>Group</b>		
Bank loans	197,935	242,091
Director's loan	110,000	110,000
Obligations under finance leases	31,221	39,283
Pension scheme	<u>69,900</u>	<u>69,900</u>
	<u>409,056</u>	<u>461,274</u>
Amounts repayable by instalments:		
between one and two years	19,435	18,271
between two and three years	58,303	58,553
after five years	<u>120,197</u>	<u>165,267</u>
Less: Amounts falling due within one year	<u>197,935</u>	<u>242,091</u>

The bank loans are repayable at 3% over the bank base rate. The loans are secured on one of the group's freehold properties and by a fixed and floating charge over the assets of one of the group's companies.

**17 Shareholders' Funds**

	Called up Share Capital £	Non Distributable Revaluation Reserve £	Profit and Loss Account £	Total £
<b>Company</b>				
Balance at 1st January 1995	1,000	-	447,592	448,592
Transfer from profit and loss account	-	-	2,614	2,614
Surplus on revaluation of subsidiary	-	2,999,000	-	2,999,000
Deficit on revaluation of subsidiary	<u>-</u>	<u>(199,000)</u>	<u>-</u>	<u>(199,000)</u>
Balance at 31st December 1995	<u>1,000</u>	<u>2,800,000</u>	<u>450,206</u>	<u>3,251,206</u>
<b>Group</b>				
Balance at 1st January 1995	1,000	-	409,690	410,690
Transfer from profit and loss account	-	-	3,377	3,377
Surplus on revaluation	<u>-</u>	<u>173,260</u>	<u>-</u>	<u>173,260</u>
Balance at 31st December 1995	<u>1,000</u>	<u>173,260</u>	<u>413,067</u>	<u>587,327</u>
The authorised share capital comprises:			1995 £	1994 £
Authorised:				
1,000 Ordinary shares of £1 each			<u>1,000</u>	<u>1,000</u>
Called up share capital, allotted and fully paid:				
1,000 Ordinary shares of £1 each			<u>1,000</u>	<u>1,000</u>



**South Essex Insurance Group Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st December 1995 (Continued)**

**18 Future Financial Commitments**

**Operating Leases**

At 31st December 1995, the company had annual commitments under operating leases as set out below:

	1995	1994
	£	£
Operating leases which expire:		
within one year	3,286	2,044
in the second to fifth years	28,244	26,270
	<u>31,530</u>	<u>28,314</u>

**Finance Leases**

At 31st December 1995, the company had obligations under finance leases and hire purchase contracts which are set out below:

	1995	1994
	£	£
Gross amount payable:		
within one year	89,142	77,511
in the second to fifth years	37,598	44,706
	<u>126,740</u>	<u>122,217</u>
Deduct: Finance charges allocated to future periods	(14,371)	(13,338)
	<u>112,369</u>	<u>108,879</u>

**19 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 1995 the potential liability amounted to £339,854 (1994 - £290,999).