

SOUTH ESSEX INSURANCE GROUP LIMITED

Company No. 779100

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2000**



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 2000.

Principal Activities and Business Review

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

The group's insurance broking business made significant increases in turnover and net profit.

During 2000 tour operating business show a decline in upmarket travellers to its principal market, the Caribbean. Creation of new projects in Europe and Indian Ocean also resulted in increased costs and therefore the company's profitability.

Results and Dividend

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

An interim dividend of £97 per share was declared during the year.

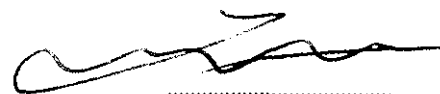
Director and his Interest

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	
	31.12.2000	1.1.2000
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.



B.W. Fehler
Director

South Essex House
North Road
South Ockendon
Essex RM15 6NU

Date: 22nd June 2001

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.

Independent Auditors' Report to the Shareholders of South Essex Insurance Group Limited

We have audited the financial statements of South Essex Insurance Group Limited for the year ended 31st December 2000 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out therein.

Respective Responsibilities of Director and Auditors

As described in the Statement of Director's Responsibilities, the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Director's Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the director's remuneration and transactions and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any misstatement within it.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom 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.

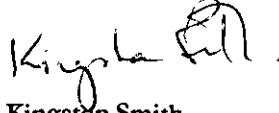
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2000 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 25th June 2001


Kingston Smith
Chartered Accountants
and Registered Auditors

South Essex Insurance Group Limited
Consolidated Profit and Loss Account
For the year ended 31st December 2000

	Note	2000 £	1999 £
Turnover	2	4,426,757	3,127,821
Cost of sales		<u>(3,898,694)</u>	<u>(2,740,416)</u>
Gross Profit		528,063	387,405
Commission receivable	2	2,662,704	2,276,825
Administrative expenses		<u>(3,374,418)</u>	<u>(2,908,932)</u>
Operating Loss		(183,651)	(244,702)
Interest receivable and similar income		236,384	176,612
Interest payable and similar charges	4	<u>(80,609)</u>	<u>(66,760)</u>
Loss on Ordinary Activities before Taxation	5	(27,876)	(134,850)
Taxation	6	<u>(897)</u>	<u>7,704</u>
Loss for the Financial Year		(28,773)	(127,146)
Dividend on equity shares		<u>(97,000)</u>	<u>(45,000)</u>
Retained Loss for the Financial Year	7	<u><u>(125,773)</u></u>	<u><u>(172,146)</u></u>

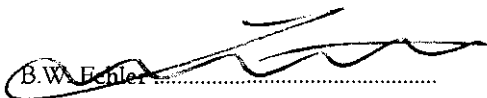
Statement of Total Recognised Gains and Losses
For the year ended 31st December 2000

	2000 £	1999 £
Loss for the financial year	(28,773)	(127,146)
Unrealised surplus on revaluation of freehold property	<u>155,455</u>	<u>218,150</u>
Total gains and losses recognised since last Annual Report	<u><u>126,682</u></u>	<u><u>91,004</u></u>

South Essex Insurance Group Limited
Consolidated Balance Sheet at 31st December 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed Assets					
Intangible assets	8		70,309		85,932
Tangible assets	9		1,290,865		1,172,266
Investments	10		<u>4,000</u>		<u>4,000</u>
			1,365,174		1,262,198
Current Assets					
Livestock	11	139,083		135,346	
Debtors	12	2,698,056		2,355,632	
Cash at bank and in hand:					
Insurance broking accounts		20,322		17,227	
Office accounts		<u>97,274</u>		<u>73,142</u>	
		2,954,735		2,581,347	
Creditors: Amounts falling due within one year	13	<u>(3,264,968)</u>		<u>(2,788,756)</u>	
Net Current Liabilities			<u>(310,233)</u>		<u>(207,409)</u>
Total Assets less Current Liabilities			1,054,941		1,054,789
Creditors: Amounts falling due after more than one year	14		<u>(335,185)</u>		<u>(364,715)</u>
Net Assets			<u><u>719,756</u></u>		<u><u>690,074</u></u>
Capital and Reserves					
Called up share capital - equity interests	15		1,000		1,000
Revaluation reserve	15		441,337		285,882
Profit and loss account	15		<u>277,419</u>		<u>403,192</u>
Shareholders' Funds			<u><u>719,756</u></u>		<u><u>690,074</u></u>

The financial statements were approved by the director on 22nd June 2001

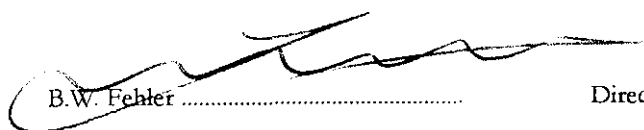

B.W. Echler.....

Director

South Essex Insurance Group Limited
Balance Sheet at 31st December 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed Assets					
Tangible assets	9		258,601		150,711
Investments	10		<u>4,732,001</u>		<u>3,575,000</u>
			4,990,602		3,725,711
Current Assets					
Livestock	11	126,983		123,246	
Debtors	12	<u>69,328</u>		<u>34,717</u>	
		196,311		157,963	
Creditors: Amounts falling due within one year	13	<u>(460,071)</u>		<u>(245,254)</u>	
Net Current Liabilities			<u>(263,760)</u>		<u>(87,291)</u>
Total Assets less Current Liabilities			4,726,842		3,638,420
Creditors: Amounts falling due after more than one year	14		<u>(132,345)</u>		<u>(143,146)</u>
Net Assets			<u><u>4,594,497</u></u>		<u><u>3,495,274</u></u>
Capital and Reserves					
Called up share capital - equity interests	15		1,000		1,000
Revaluation reserve	15		3,888,345		2,800,000
Profit and loss account	15		<u>705,152</u>		<u>694,274</u>
Shareholders' Funds			<u><u>4,594,497</u></u>		<u><u>3,495,274</u></u>

The financial statements were approved by the director on 22nd June 2001

 Director

South Essex Insurance Group Limited
Consolidated Cash Flow Statement
For the year ended 31st December 2000

	Note	2000 £	2000 £	1999 £	1999 £
Net Cash Outflow from Operating Activities	(i)		(256,532)		(436,598)
Returns on Investments and Servicing of Finance					
Interest received		236,384		176,612	
Interest paid		<u>(80,609)</u>	155,775	<u>(66,760)</u>	109,852
Taxation			-		(34,796)
Capital Expenditure and Financial Investment					
Purchase of tangible fixed assets		(109,047)		(180,750)	
Receipts from sale of tangible fixed assets		<u>42,950</u>	(66,097)	<u>94,325</u>	(86,425)
Equity Dividend Paid			(97,000)		(45,000)
Financing					
Repayment of loans			<u>(24,904)</u>		<u>(24,286)</u>
Decrease in Cash	(ii)		<u><u>(288,758)</u></u>		<u><u>(517,253)</u></u>
Reconciliation of Net Cash Flow to Movement in Net Debt			£		£
Decrease in cash in the year			(288,758)		(517,253)
Net debt at 1st January 2000			<u>(114,904)</u>		<u>402,349</u>
Net debt at 31st December 2000			<u><u>(403,662)</u></u>		<u><u>(114,904)</u></u>

South Essex Insurance Group Limited
Notes to the Consolidated Cash Flow Statement
For the year ended 31st December 2000

(i) Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities	2000 £	1999 £
Operating loss	(183,651)	(244,702)
Depreciation and amortisation	124,836	140,487
Profit on sale of tangible fixed assets	(6,260)	(5,870)
Increase in livestock	(3,737)	(1,199)
Increase in debtors	(342,424)	(159,543)
(Decrease)/increase in creditors	<u>154,704</u>	<u>(165,771)</u>
Net Cash Outflow from Operating Activities	<u><u>(256,532)</u></u>	<u><u>(436,598)</u></u>

(ii) Analysis of changes in Net Debt

	At 1.1.00 £	Cash Flow £	At 31.12.00 £
Cash at bank and in hand:			
Insurance broking account	17,227	3,095	20,322
Office account	73,142	24,132	97,274
Bank loans and overdrafts - Insurance Broking Account	(154,686)	(9,359)	(164,045)
- Office Account	<u>(50,587)</u>	<u>(306,626)</u>	<u>(357,213)</u>
	<u><u>(114,904)</u></u>	<u><u>(288,758)</u></u>	<u><u>(403,662)</u></u>

South Essex Insurance Group Limited

Notes to the Financial Statements

For the year ended 31st December 2000

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 group'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

Livestock

Livestock are revalued annually at the balance sheet date by the company's director.

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 2000 (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:

	2000	1999
Management	3	3
Administration	16	16
Clerical	66	63
Farm staff and grooms	1	2
	<u>86</u>	<u>84</u>

Total employees

The aggregate payroll costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	1,322,591	1,157,427
Social security costs	117,893	103,987
Pension contributions	21,828	26,065
	<u>1,462,312</u>	<u>1,287,479</u>

Director's emoluments

<u>79,615</u>	<u>72,431</u>
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4 Interest Payable and Similar Charges

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

	2000 £	1999 £
within five years	56,994	33,489
after five years	18,461	26,761
Finance leases and hire purchase contracts	5,154	6,510
	<u>80,609</u>	<u>66,760</u>

5 Loss on Ordinary Activities before Taxation

This is stated after charging/(crediting):

	2000 £	1999 £
Auditors' remuneration and expenses	23,363	19,464
Depreciation:		
Owned tangible fixed assets	88,742	78,333
Assets held under finance leases and hire purchase contracts	20,471	46,531
Profit on sale of tangible fixed assets	(18,259)	(5,870)
Amortisation of goodwill	15,623	15,623
Loss on foreign exchange	28,837	19,201
Operating lease charges - office equipment	<u>18,334</u>	<u>13,028</u>

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 2000 (Continued)

6 Taxation	2000	1999
	£	£
UK corporation tax charge/(credit) for the current year	<u>897</u>	<u>(7,704)</u>
 7 Loss for the Financial Year	 2000	 1999
	£	£
Dealt with in the accounts of the company	10,878	25,601
Retained by group undertakings	<u>(136,651)</u>	<u>(197,747)</u>
	<u>(125,773)</u>	<u>(172,146)</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 2000 and at 31st December 2000	<u>234,351</u>
Amortisation	
At 1st January 2000	148,419
Charge for the year	<u>15,623</u>
At 31st December 2000	<u>164,042</u>
Net Book Value	
At 31st December 2000	<u>70,309</u>
At 31st December 1999	<u>85,932</u>

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 2000 (Continued)

9 Tangible Assets

	Freehold Property	Furniture, Fittings and Equipment	Total
Company			
Cost or Valuation	£	£	£
At 1st January 2000	88,097	231,251	319,348
Additions	-	55,708	55,708
Disposals	-	(7,500)	(7,500)
Surplus on revaluation	86,903	-	86,903
At 31st December 2000	175,000	279,459	454,459
Depreciation			
At 1st January 2000	1,442	167,195	168,637
Charge for the year	-	30,913	30,913
Disposals	-	(2,250)	(2,250)
Revaluation adjustment	(1,442)	-	-
At 31st December 2000	-	195,858	197,300
Net Book Value			
At 31st December 2000	175,000	83,601	258,601
At 31st December 1999	86,655	64,056	150,711

	Freehold Properties	Motor Vehicles	Furniture, Fittings and Equipment	Total
Group				
Cost or Valuation	£	£	£	£
At 1st January 2000	906,432	310,926	785,006	2,002,364
Additions	-	50,396	58,651	109,047
Disposals	-	(68,609)	(7,500)	(76,109)
Surplus on revaluation	147,568	-	-	147,568
At 31st December 2000	1,054,000	292,713	836,157	2,182,870
Depreciation				
At 1st January 2000	7,887	164,960	657,251	830,098
Charge for the year	2,890	59,634	46,689	109,213
Disposals	-	(37,169)	(2,250)	(39,419)
Revaluation adjustment	(7,887)	-	-	(7,887)
At 31st December 2000	2,890	187,425	701,690	892,005
Net Book Value				
At 31st December 2000	1,051,110	105,288	134,467	1,290,865
At 31st December 1999	898,545	145,966	127,755	1,172,266

Certain freehold property assets of the group were revalued to £315,000 as at 31st December 2000 by Gerald Cope & Co., Chartered Surveyors, on an open market basis. This firm is external to the group. The remaining freehold properties were revalued as at 31st December 1999.

The net book value of the group's tangible assets at 31st December 2000 includes an amount of £53,544 (1999 - £128,037) 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 2000 (Continued)

10 Investments

Company

	2000	1999
Cost or Valuation	£	£
Shares in group undertakings	4,371,001	3,304,000
Subordinated loans to group undertakings	361,000	271,000
	<u>4,732,001</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 and are included in the consolidated financial statements.

The company's investment in South Essex Insurance Brokers Limited was revalued by the director at 31 December 2000 to reflect its market value.

The revaluation was carried out on the basis of market values of comparable companies that were sold during 2000.

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
Equestrian Underwriting Agencies Limited	Ordinary	Insurance Brokers

Group	2000	1999
	£	£
Unlisted investments at cost	<u>4,000</u>	<u>4,000</u>

11 Livestock

	2000	1999
Company	£	£
Show horses	113,200	113,200
Animal feed	13,783	10,046
	<u>126,983</u>	<u>123,246</u>
Group		
Show horses	125,300	125,300
Animal feed	13,783	10,046
	<u>139,083</u>	<u>135,346</u>

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 2000 (Continued)

12 Debtors	2000	1999
	£	£
Company		
Amounts owed by group undertakings	66,099	-
Other debtors	1,658	8,039
Prepayments and accrued income	<u>1,571</u>	<u>26,678</u>
	<u>69,328</u>	<u>34,717</u>
Group		
Amounts owed by principals and insurance companies in respect of insurance transactions	2,310,515	1,997,137
Trade debtors	19,078	53,935
Other debtors	188,208	200,995
Prepayments and accrued income	<u>180,255</u>	<u>103,565</u>
	<u>2,698,056</u>	<u>2,355,632</u>

Other debtors include an amount of £100,000 (1999 - £100,000) receivable after more than one year.

Included in other debtors is an amount of £4,494 (1999 - £1,141) due from B.W. Fehler, the director. The maximum amount during 2000 was £38,076. Debit balances on director's account are unsecured and interest free.

Also included in other debtors are amounts of £7,399 (1999 - £6,796) and £684 (1999 - £376) due from Pet Insurance Management Services Limited and South Essex Independent Financial Advisers Limited respectively, companies under the control of B.W. Fehler.

13 Creditors: Amounts falling due within one year	2000	1999
	£	£
Company		
Bank loans and overdrafts	274,533	34,911
Amounts due to group undertakings	169,385	197,345
Social security and other taxes	1,469	-
Accruals and deferred income	<u>14,684</u>	<u>12,998</u>
	<u>460,071</u>	<u>245,254</u>
Group		
Bank loans and overdrafts - insurance broking account	164,045	154,686
- other accounts	398,353	91,727
Amounts owed to principals and insurance companies in respect of insurance transactions	2,019,693	1,810,216
Trade creditors	439,280	417,344
Corporation tax	897	-
Social security and other taxes	38,756	40,314
Other creditors	32,934	18,971
Obligations under finance leases and hire purchase contracts	21,625	58,169
Accruals and deferred income	<u>149,385</u>	<u>197,329</u>
	<u>3,264,968</u>	<u>2,788,756</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 2000 (Continued)

14 Creditors: Amounts falling due after more than one year	2000 £	1999 £
Company		
Bank loan	22,345	33,146
Director's loan	110,000	110,000
	<u>132,345</u>	<u>143,146</u>
Group		
Bank loans	151,685	176,590
Director's loan	110,000	110,000
Obligations under finance leases and hire purchase contracts	3,500	8,125
Pension scheme	70,000	70,000
	<u>335,185</u>	<u>364,715</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	102,561	113,362
in more than five years	7,984	22,088
	<u>151,685</u>	<u>176,590</u>

The bank loans totalling £57,994 (1999: £64,691) and £71,346 (1999: £78,753) 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.

	2000 £	1999 £
The amount owed to pension scheme is repayable:		
Between two and five years	<u>70,000</u>	<u>70,000</u>

15 Shareholders' Funds	Called up Share Capital £	Revaluation Reserve £	Profit and Loss Account £	Total £
Company				
Balance at 1st January 2000	1,000	2,800,000	694,274	3,495,274
Surplus on property revaluation	-	88,345	-	88,345
Revaluation of subsidiary undertaking	-	1,000,000	-	1,000,000
Transfer from profit and loss account	-	-	10,878	10,878
Balance at 31st December 2000	<u>1,000</u>	<u>3,888,345</u>	<u>705,152</u>	<u>4,594,497</u>
Balance at 1st January 1999	1,000	2,800,000	855,343	3,656,343
Transfer from profit and loss account	-	-	(161,069)	(161,069)
Balance at 31st December 1999	<u>1,000</u>	<u>2,800,000</u>	<u>694,274</u>	<u>3,495,274</u>

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 2000 (Continued)

15 Shareholders' Funds (continued)	Called up Share Capital	Revaluation Reserve	Profit and Loss Account	Total
Group	£	£	£	£
Balance at 1st January 2000	1,000	285,882	403,192	690,074
Surplus on property revaluation	-	155,455	-	155,455
Transfer from profit and loss account	-	-	(125,773)	(125,773)
Balance at 31st December 2000	<u>1,000</u>	<u>441,337</u>	<u>277,419</u>	<u>719,756</u>
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>
The authorised share capital comprises:			2000	1999
			£	£
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 2000 the group had annual commitments under operating leases as set out below:

	2000		1999	
	Land and Buildings	Other	Land and Buildings	Other
	£	£	£	£
Operating leases which expire:				
within one year	-	2,323	-	283
in the second to fifth years	-	-	-	3,097
after five years	<u>14,000</u>	<u>-</u>	<u>14,000</u>	<u>-</u>
	<u>14,000</u>	<u>2,323</u>	<u>14,000</u>	<u>3,380</u>

Finance Leases and Hire Purchase Contracts

At 31st December 2000 the group had obligations under finance leases and hire purchase contracts as set out below:

	2000	1999
	£	£
Gross amount payable:		
within one year	23,339	65,398
in the second to fifth years	<u>3,840</u>	<u>6,159</u>
	27,179	71,557
Deduct: Finance charges allocated to future periods	<u>2,054</u>	<u>5,263</u>
	<u>25,125</u>	<u>66,294</u>

South Essex Insurance Group Limited
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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 2000 the potential liability amounted to £192,825 (1999 - £217,729).

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 2000 was £692,500 (1999 - £575,000).

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.