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HENRY G. NICHOLSON (UNDERWRITING) LIMITED

DIRECTORS' REPORT
AND
ACCOUNTS

DATED

31st March, 1986

FUTCHER HEAD & GILBERTS

Chartered Accountants

ASTRAL HOUSE,
125-129, MIDDLESEX STREET,
LONDON, E1 7JF



HENRY G. NICHOLSON (UNDERWRITING)
LIMITED

31 MARCH 1986

NOTICE OF MEETING

Directors

B J Harvey	(Chairman)
P S Bell	
A Henderson	
R J d'O Hope	(Appointed 15 July 1986)
R A Everest	(Appointed 15 July 1986)
Mrs J Hook	(Appointed 15 July 1986)

NOTICE IS HEREBY GIVEN that the twenty-first annual general meeting of the company will be held at 12 - 14 Folgate Street, London, E1 6BX on Monday 4 August 1986 at 10.30 a.m. for the following purposes

- 1 to receive and, if thought fit, approve and adopt the Audited Accounts for the year ended 31 March 1986 together with the report of the directors thereon.
- 2 to re-appoint the auditors and authorise the directors to agree their remuneration.
- 3 to sanction the payment of a dividend for the year ended 31 March 1986.
- 4 any other business.

Registered office
(Astral House
125/129 Middlesex Street
London E1 7JF

By order of the board

R A Everest *R A Everest*
Secretary

21 July 1986

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report of the company for the year ended 31 March 1986.

1 Review of the business

The principal activity of the company throughout the period was to provide services as a member's Underwriting Agency and there has been no change in the activities of the company during the year.

The directors' aim is to maintain the management policies and strengthen the company. The state of affairs is satisfactory and the company is in a good position to prosper in the future.

2 Results and dividends

	1986	1985
The results of trading, which includes the 1983 account profit commission, for the period to 31 March 1986 was a profit of	61,841	36,930
from which is deducted corporation tax	27,834	19,045
leaving a profit after tax of	34,007	17,885
from which must be deducted the proposed dividend on 'B' shares	7,300	7,300
	26,707	10,585
to which is added the balance brought forward	40,962	30,377
	67,669	40,962
Less: amounts capitalised	26,888	-
giving a balance to carry forward of	£40,781	£40,962

The directors recommend that a total dividend of £7,300 be paid on 'B' shares for the year to 31 March 1986.

NOTES TO THE ACCOUNTS
continued**3 Directors' interests**

The directors who served during the year and their interests in the share capital of the group companies are as follows

	Bell Nicholson Henderson (Holdings) Limited Shares of £1 each		Henry G. Nicholson (Underwriting) Limited 'A' Shares of £1 each
	<u>31.3.86</u>	<u>31.3.85</u>	<u>31.3.86 and 31.3.85</u>
B J Harvey	19,663	17,363	-
D A H Nicholson (Resigned on 11 July 1986)	56,438	56,438	17
J H Bell (Resigned on 16 July 1986)	59,838	59,838	17
P S Bell	59,838	59,838	17
A Henderson	64,238	64,238	17
K E Simmonds (Resigned on 3 October 1985)	-	-	-

No directors had any interest in 'B' shares.

4 Auditors

Messrs Fitcher Head & Gilberts have signified their willingness to continue in office as auditors. A resolution to re- elect them will be proposed at the annual general meeting.

By order of the board

R A Everest 
Secretary

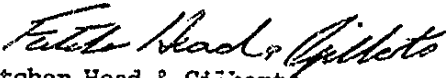
Astral House
125/129 Middlesex Street
London E1 7JF

22 July 1986

REPORT OF THE AUDITORS
to the members of Henry G. Nicholson (Underwriting) Limited

We have audited the accounts on pages 5 to 10 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31 March 1986 and of the profit and source and application of funds for the year then ended and comply with the Companies Act 1985.


Futcher Head & Gilberts
Chartered Accountants

Astral House
125/129 Middlesex Street
London E1 7JF

29 July 1986

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1986

	Notes	1986	1985
Turnover	2	77,043	51,255
Administrative expenses		<u>27,246</u>	<u>24,142</u>
Operating profit	3	49,797	27,113
Bank interest receivable		11,338	9,099
Income from investments	4	<u>706</u>	<u>718</u>
Profit on ordinary activities before taxation		61,841	36,930
Taxation	5	<u>27,834</u>	<u>19,045</u>
Profit on ordinary activities after taxation		34,007	17,885
Dividends	6	<u>7,300</u>	<u>7,300</u>
Retained profit for the year		26,707	10,585
Retained profit brought forward		<u>40,962</u>	<u>30,377</u>
		67,669	40,962
Amount capitalised in the year	11	<u>26,888</u>	<u>-</u>
Retained profit carried forward		<u><u>£40,781</u></u>	<u><u>£40,962</u></u>

BALANCE SHEET
31 March 1986

	Notes	1986	1985
Fixed assets			
Listed investments	7	4,156	4,156
Loans in respect of underwriting activities		-	1,200
Current assets			
Debtors	8	59,635	39,090
Cash at bank		86,407	73,167
		146,042	112,257
Creditors: amounts falling due within one year	9	59,417	53,539
Net current assets		86,625	58,718
Total assets less current liabilities		<u>£ 90,781</u>	<u>£ 64,074</u>
Capital and reserves			
Called up share capital	10	50,000	5,000
Capital reserves	11	-	18,112
Profit and loss account	11	40,781	40,962
		<u>£ 90,781</u>	<u>£ 64,074</u>

Approved by the board on 22 July 1986

B J Harvey

P S Bell

Directors

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the year ended 31 March 1986

	1986	1985
Source of funds		
Profit before taxation	61,841	36,930
Repayment of loans	<u>1,200</u>	<u>1,200</u>
	63,041	38,130
Application of funds		
Tax paid (including tax credits)	16,970	23,206
Dividend paid	<u>7,300</u>	<u>7,300</u>
	24,270	30,506
	<u>£38,771</u>	<u>£ 7,624</u>
Increase in net current assets		
Increase in debtors	20,545	16,884
Increase/(decrease) in cash	13,240	(554)
Decrease/(increase) in creditors	5,395	(7,417)
(Increase) in amount due to holding company	(409)	(1,289)
	<u>£38,771</u>	<u>£ 7,624</u>

NOTES TO THE ACCOUNTS

1 Accounting policies

- (a) The accounts are prepared under the historical cost convention.
- (b) Agency fees are those which are receivable for the accounting year.
- (c) Agency profit commission, if any, is credited in these accounts for the underwriting year closed at 31 December 1983.

For taxation purposes profit commission is treated as income in the year for which it is payable.

2 Turnover

Turnover represents agency fees and commissions receivable in the year. Further agency commissions may be due when the results of the Lloyd's Underwriting accounts for the years ended 31 December 1984 and 1985 are known.

3 Operating profit

	1986	1985
(a) This is after charging		
Salaries	1,000	667
Auditors' remuneration	<u>1,502</u>	<u>2,075</u>

(b) Staff

There are no staff apart from the directors and secretary and the agency manager whose remuneration is paid by the holding company.
No remuneration was paid to any directors for the year to 31 March 1986 (1985: Nil).

4 Income from investments

	1986	1985
Listed (including tax credits)	700	648
Loan interest	<u>6</u>	<u>70</u>
	<u>£706</u>	<u>£718</u>

5 Taxation

Corporation tax at 52% - 1983 profit commission	23,734	15,500
at 52% - 1980/2 " "	3,234	1,400
at 40% - 1985/86 (45% - 1984/85)	<u>3,300</u>	<u>2,500</u>
	30,268	19,400
Tax credits on franked investment income	206	191
Over provision in prior years	<u>(2,640)</u>	<u>(546)</u>
	<u>£27,834</u>	<u>£19,045</u>

6 Dividends

'B' ordinary shares of £1 each

Proposed at 14.63p / per share
(1985: £1.49 per share)

<u>£7,300</u>	<u>£7,300</u>
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NOTES TO THE ACCOUNTS
continued

	1986	1985
7 Investments		
Listed at cost	<u>£4,156</u>	<u>£4,156</u>
Market value at 31 March 1986	<u>£18,163</u>	<u>£13,164</u>
Taxation on potential gain if sold at valuation	<u>£4,202</u>	<u>£2,702</u>
The listed investments are dealt on a recognised stock exchange.		
8 Debtors		
Trade debtors	55,110	34,885
Prepayments and accrued income	<u>4,525</u>	<u>4,205</u>
	<u>£59,635</u>	<u>£39,090</u>
Included within trade debtors is an amount of £2,355 (1985: Nil) which is not recoverable within one year.		
9 Creditors		
Amounts falling due within one year		
Corporation tax due 1 April 1987	3,300	2,500
Current corporation tax	26,961	16,897
Holding company	16,720	16,311
Other creditors	1,905	7,706
Accruals	3,231	2,825
Proposed dividends	<u>7,300</u>	<u>7,300</u>
	<u>£59,417</u>	<u>£53,539</u>
10 Share capital	Authorized, allotted, issued and fully paid	
	1986	1985
'A' ordinary shares of £1 each	100	100
'B' ordinary shares of £1 each	<u>49,900</u>	<u>4,900</u>
	<u>£50,000</u>	<u>£5,000</u>

45,000 'B' ordinary shares of £1 each were issued as fully paid by way of capitalisation of reserves on 10 March 1986.

NOTES TO THE ACCOUNTS
continued

	1986	1985
11 Reserves		
At 1 April 1985		
Capital reserve	18,112	18,112
Profit and loss account	40,962	30,377
	<u>59,074</u>	<u>48,489</u>
Amount capitalised on 10 March 1986 in respect of 45,000 'B' shares of £1 each		
Capital reserve	18,112	-
Profit and loss account	26,888	-
	<u>45,000</u>	<u>-</u>
Retained profit for year	14,074	48,489
	26,707	10,585
Retained profits at 31 March 1986	<u>£40,781</u>	<u>£59,074</u>

12 Ultimate holding company

The directors regard Bell Nicholson Henderson (Holdings) Limited, a company registered in England, as being the ultimate holding company.