



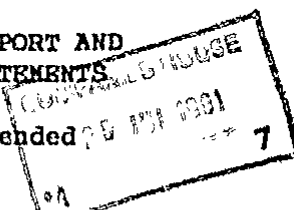
BDO Binder Hamlyn
(Incorporated in Australia)

814592

HENRY G. NICHOLSON (UNDERWRITING)
LIMITED

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

for the year ended
31 March 1991



Company Number 814592



NOTES TO THE FINANCIAL STATEMENTS
The financial statements of Henry G. Nicholson (Underwriting) Limited for the year ended 31 March 1991 are set out on pages 2 to 10. The financial statements have been audited by Messrs. [Name] Chartered Accountants, who have issued a certificate of audit on 10 April 1991. The financial statements are prepared in accordance with the provisions of the Companies Act 1988 and the Accounting Standards issued by the Accounting Standards Board.

NOTICE OF MEETING

DIRECTORS

B J Harvey (Chairman)
R J J'O Hope
R A Everest
Mrs J Hook
N Hart

NOTICE IS HEREBY GIVEN that the twenty sixth Annual General Meeting of members will be held at 12-14 Folgate Street, London, E1 6BX on 5 July 1991 at 9.30 a.m. for the transaction of the following business:

1. To receive and, if thought fit, approve and adopt the audited accounts for the year ended 31 March 1991, together with the report of the directors thereon.
2. To re-appoint the auditors and authorise the directors to agree their remuneration.
3. Any other business.

Registered Office

12-14 Folgate Street,
London, E1 6BX

5 July 1991.

By Order of the Board

R.A. EVEREST

Secretary

DIRECTORS' REPORT
for the year ended 31 March 1991

To be presented to the members at the twenty-sixth Annual General Meeting of the company to be held on 5 July 1991.

The directors have pleasure in submitting their annual report of the company for the year ended 31 March 1991.

REVIEW OF THE BUSINESS

The principal activity of the company throughout the year 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.

RESULTS AND DIVIDEND

	1991 £	1990 £
The results of trading, which includes the 1988 account profit commission, for the period to 31 March 1991 was a profit of	52,057	76,985
from which is deducted corporation tax of	18,126	27,654
Leaving a profit after tax of	38,931	49,332
From which must be deducted the proposed dividend on 'B' shares of	-	12,487
	38,931	36,845
To which is added the balance brought forward of	108,756	121,911
Less: Capitalisation of reserves	(50,000)	(50,000)
Giving a balance to carry forward of	£97,687	£108,756

The directors recommend no dividend for the year be paid (1990 : 12.5p on the 'B' shares).

FUTURE DEVELOPMENTS

The parent and ultimate holding companies, B. N. H. Group Ltd and Bell Nicholson Henderson (Holdings) Ltd, have entered into Heads of Agreement dated 21 May 1991 for the sale of the entire issued capital of the company to A J Archer Holdings PIC. It is anticipated that completion of the share purchase agreement will take place on 15 July 1991.

DIRECTORS' REPORT
for the year ended 31 March 1991 (continued)**DIRECTORS**

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

	Bell Nicholson Henderson (Holdings) Limited		Henry G. Nicholson (Underwriting) Limited	
	Ordinary shares of £1 each		'A' shares of £1 each	
	At 31.3.91	At 31.3.90	At 31.3.91	At 31.3.90
B J Harvey	21,128	20,259	16	16
R J d'O Hope	51,537	49,857	16	16
R A Everest	1,835	1,775	10	10
Mrs J Hook	625	575	10	10
N Hart	18,606	16,000	16	16

No directors had any direct interest in the 'B' shares of the company.

The following directors hold options at 31 March 1991 over shares in Bell Nicholson Henderson (Holdings) Ltd which were granted on 11 December 1990 and are exercisable between three years and ten years after the date granted at a price of £29 per share:

	No.
R A Everest	100
Mrs J Hook	75
N Hart	1,125

This report was approved by the Board on 5 July 1991.

B J Harvey

Director

AUDITORS' REPORT

to the members of Henry G. Nicholson (Underwriting) Limited

We have audited the financial statements on pages 5 to 10 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Binder Hamlyn

5 July 1991

HENRY S. NICHOLSON (UNDERWRITING) LIMITED

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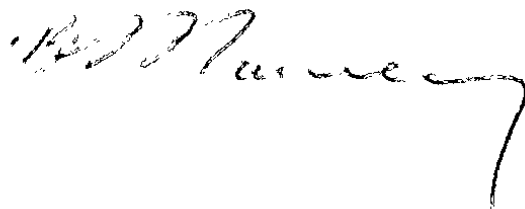
PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1991

	Notes	1991 £	1990 £
Turnover	2	131,687	140,039
Interest receivable		28,001	24,096
Other income	3	1,214	1,392
		<u>160,902</u>	<u>165,527</u>
Operating charges		74,851	88,541
Profit on ordinary activities before taxation	4	57,057	76,986
Taxation	5	18,126	27,654
Profit on ordinary activities after taxation		<u>38,931</u>	<u>49,332</u>
Dividends	6	-	12,487
Retained profit for the year	12	<u>£38,931</u>	<u>£36,845</u>

BALANCE SHEET
as at 31 March 1991

	Notes	1991	1990
		£	£
FIXED ASSETS			
Listed investments	7	7,289	7,289
CURRENT ASSETS			
Debtors	8	87,272	86,472
Cash at bank and in hand		202,569	188,376
		289,841	274,848
CREDITORS: amounts falling due within one year	9	47,193	70,756
Net Current Assets		242,648	204,092
Total Assets less Current Liabilities		249,937	211,381
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	10	2,250	2,625
		£247,687	£208,756
CAPITAL AND RESERVES			
Called up share capital	11	150,000	100,000
Profit and loss account	12	97,687	108,756
		£247,687	£208,756

The financial statements on pages 5 to 10 were approved by the Board on 5 July 1991.



B J Harvey
Director

HENRY G. NICHOLSON (UNDERWRITING) LIMITED

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STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the year ended 31 MARCH 1991

	1991		1990	
	£	£	£	£
Source of funds				
Profit before tax		57,057		76,986
Total generated from operations		57,057		76,986
Funds from other sources				
Disposal of investment		-		3,577
		57,057		80,563
APPLICATION OF FUNDS				
Purchase of investments	-		465	
Dividend paid	12,487		12,475	
Tax paid	48,961		22,926	
		61,448		35,866
		£(4,391)		£44,697
(Decrease)/increase in working capital				
Debtors		800		60
Creditors		(19,384)		2,452
		(18,584)		2,512
Net liquid funds:				
Cash at bank and in hand		14,193		42,185
		£(4,391)		£44,697

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1991

1. ACCOUNTING POLICIES

- (a) The financial statements are prepared under the historical cost convention.
- (b) Agency fees are those which are receivable for the accounting year.
- (c) Agency profit commission is credited in these accounts for the 1988 underwriting year closed at 31 December 1990.

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

- (d) Deferred taxation is provided using the liability method to the extent that the liability is expected to arise in the foreseeable future.
- (e) The financial statements have been prepared in accordance with applicable accounting standards.

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 1989 and 1990 are known.

3. OTHER INCOME

	1991 £	1990 £
Income from listed investments	1,214	1,193
Profit on sale of investments	-	199
	<u>£1,214</u>	<u>£1,392</u>

4. PROFIT BEFORE TAX

- (a) This is stated after charging:

Management charge	51,722	43,778
Auditors' remuneration	<u>3,900</u>	<u>3,000</u>

- (b) Staff

There are no staff apart from the directors. The remuneration is paid by the holding company.

No remuneration was paid to any directors for the year to 31 March 1991 (1990: Nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1991

5.	TAXATION	1991	1990
		£	£
	Corporation tax:		
	At 35% - 1988 (35% - 1987) profit commission	17,678	11,025
	At 34% - 1991/90 (35% - 1989/90)	1,273	1,465
		<u>18,951</u>	<u>12,490</u>
	Transfer (from)/to provision for deferred taxation	(375)	835
	Tax credits on franked investment income	304	298
	(Over)/under provision in prior years	(754)	3,391
		<u>£18,126</u>	<u>£27,654</u>
6.	DIVIDENDS		
	'B' ordinary shares of £1 each		
	Proposed at Nil per share (1990: 12.5p per share)	<u>£ -</u>	<u>£12,487</u>
7.	INVESTMENTS		
	Listed at cost		
	Balance at 1 April 1990	7,289	10,401
	Disposals	-	(3,577)
	Additions	-	465
		<u>£7,289</u>	<u>£7,289</u>
	Balance at 31 March 1991	<u>£7,289</u>	<u>£7,289</u>
	Market value at 31 March 1991 £21,475 (1990: £21,182).		
	Taxation on potential gain if sold at valuation £3,600 (1990: £3,903).		
8.	DEBTORS		
	Trade debtors	77,313	75,812
	Prepayments and accrued income	9,959	10,660
		<u>£87,272</u>	<u>£86,472</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1991

9.	CREDITORS: amounts falling due within one year	1991 £	1990 £
	Corporation tax	18,951	49,715
	Amounts owed to group companies	21,512	727
	Other creditors	25	78
	Accruals and deferred income	6,705	7,749
	Proposed dividends	-	12,487
		<u>£47,193</u>	<u>£70,756</u>
10.	DEFERRED TAXATION		
	Short term revenue timing differences	<u>£2,250</u>	<u>£2,618</u>
11.	SHARE CAPITAL	Authorised, allotted, issued and fully paid	
		1991	1990
	'A' ordinary shares of £1 each	100	100
	'B' ordinary shares of £1 each	<u>149,900</u>	<u>99,900</u>
		<u>£150,000</u>	<u>£100,000</u>

On 15 March 1991 the company capitalised £50,000 of retained reserves by way of a bonus issue of £1 'B' ordinary shares to meet new minimum share capital requirements for a Lloyd's members agency as laid down by the Committee of Lloyd's.

12.	RESERVES		
	Retained profits at 1 April 1990	108,756	121,911
	Retained profit for the year	38,931	36,845
	Capitalisation of reserves	<u>(50,000)</u>	<u>(50,000)</u>
	Retained profits at 31 March 1991	<u>£97,687</u>	<u>£108,756</u>
13.	ULTIMATE HOLDING COMPANY		

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

DETAILED PROFIT AND LOSS ACCOUNT
for the year ended 31 MARCH 1991For the information
of Directors only

	1991		1990	
	£	£	£	£
Agency salaries	72,986		70,147	
Agency commission - 1988 Account	52,627		57,219	
- 1987 Account	232		6,035	
Stop loss commission	667		1,616	
Winding-up fees	5,175		5,028	
		131,687		140,039
Bank deposit interest		28,001		24,096
Dividends on listed investments		1,214		1,193
Profit on sale of investments		-		199
		160,902		165,527
Administration charge	51,722		43,778	
Lloyd's agency subscriptions	3,824		4,047	
Travelling and entertaining	1,145		2,312	
Stationery and sundry expenses	2,207		2,191	
Audit and accountancy	7,697		4,000	
Insurance	37,250		31,000	
		103,845		88,541
PROFIT BEFORE TAXATION		57,057		76,986
Deduct: Corporation tax 1988	17,597		20,025	
in respect of 1987	81		2,112	
in respect of 1991/90	1,273		3,105	
	18,951		25,242	
Deferred tax	(375)		835	
Tax credits on franked investment income	304		298	
Adjustment in respect of previous years	(754)		1,279	
		18,126		27,654
NET PROFIT AFTER TAXATION		38,931		49,332
Deduct: Proposed dividend of Nil (1990: 12.5p) per 'B' share		-		12,487
RETAINED PROFIT FOR THE YEAR		38,931		36,845
Retained profit brought forward		108,756		121,911
Capitalisation of reserves		(50,000)		(50,000)
RETAINED PROFIT CARRIED FORWARD		£97,687		£108,756

This statement does not form part of the statutory accounts.