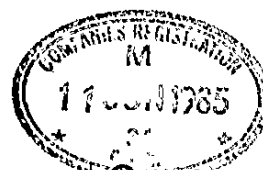


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COLONNADE INSURANCE BROKERS LIMITED

ACCOUNTS
for the year ended
31 DECEMBER 1984



Coopers
& Lybrand

COLONNADE INSURANCE BROKERS LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1984

1 The directors present herewith the audited accounts for the year ended 31 December 1984.

Review of activities and post balance sheet events

2 The company continues to provide a wide range of insurance broking services, both to the customers of its parent company, and to the general public, through its high street branches.

Both the level of business and the year end financial position were satisfactory, and the directors expect the present level of activity will be sustained for the foreseeable future.

On 1 January 1985 the business of Whitehead & Lees (Insurances) Limited, a wholly owned subsidiary, was transferred to the company.

Results

3 The profit and loss account for the year is set out on page 4.

Dividend

4 The directors do not recommend the payment of a dividend in respect of the year ended 31 December 1984.

Directors

5 The directors of the company at 31 December 1984 and at the beginning of the year, or date of appointment if later, were:

Mr. B.P. Hogg (Chairman)
Mr. C.W. Jackson (Managing Director)
Mr. I. Middleton
Mr. G.A. Hooker (appointed 10 September 1984)
Mr. M.G. Collins (appointed 10 September 1984)

Mr. S. Leybourne and Mr D.R. Jones, who were directors at 1 January 1984, resigned on 25 June 1984 and 3 August 1984 respectively.

Tangible fixed assets

6 The changes in tangible fixed assets during the year are set out in note 8 to these accounts.



COLONNADE INSURANCE BROKERS LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1984 (continued)

Market value of interests in land

7 Following the revaluation of the company's properties at 31 December 1984, freehold land and buildings are included in the balance sheet at the current open market value on an existing use basis.

Directors' interests

8 According to the register required to be kept under Section 29 of the Companies Act 1967, none of the directors held any shares or debentures in any group company at any time during the year. As permitted by statutory instrument the register does not include the interests of directors who are also directors of the holding company.

Income and Corporation Taxes Act 1970

9 In the opinion of the directors the close company provisions of the Income and Corporation Taxes Act 1970 (and of any amendments thereto) do not apply to the company.

Auditors

10 A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

P.A. VEVERS
P.A. VEVERS

Colonnade, 5 March 1985
Bradford

Secretary

AUDITORS' REPORT TO THE MEMBERS OF
COLONNADE INSURANCE BROKERS LIMITED

We have audited the accounts on pages 4 to 12 in accordance with approved Auditing Standards. The accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 1984 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

Coopers & Lybrand.

LEEDS: 5 March 1985

Chartered Accountants

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COLONNADE INSURANCE BROKERS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1984

	<u>Notes</u>	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
TURNOVER	2(d)	1,883	1,847
COST OF SALES		187	247
		<u>1,696</u>	<u>1,600</u>
INTEREST RECEIVABLE	3	244	153
		<u>1,940</u>	<u>1,753</u>
ADMINISTRATION EXPENSES		1,463	1,292
		<u>477</u>	<u>461</u>
SHARE OF PROFITS IN RELATED COMPANY	9	-	4
SHARE OF LOSSES IN SUBSIDIARY COMPANY	13	(1)	(25)
PROFIT BEFORE TAXATION	3	476	440
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	232	237
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION, AND BEFORE EXTRAORDINARY ITEMS		244	203
EXTRAORDINARY ITEMS	7	-	112
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF COLONNADE INSURANCE BROKERS LIMITED		<u>244</u>	<u>91</u>

STATEMENT OF RETAINED PROFIT

	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
RETAINED PROFIT AT 1 JANUARY 1984	521	430
PROFIT FOR THE YEAR	244	91
RETAINED PROFIT AT 31 DECEMBER 1984	<u>765</u>	<u>521</u>

The notes on pages 7 to 12 form part of these accounts

Auditors' report - page 3

COLONNADE INSURANCE BROKERS LIMITEDBALANCE SHEET - 31 DECEMBER 1984

	<u>Notes</u>	<u>1984</u>		<u>1983</u>	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible fixed assets	8		215		45
Investment in related company	9		(4)		(4)
Investment in subsidiary company	13		(56)		(55)
			<u>155</u>		<u>(14)</u>
CURRENT ASSETS					
Debtors	10		855		830
Cash at bank and in hand			1,152		971
			<u>2,007</u>		<u>1,801</u>
CREDITORS - amounts falling due within one year	11(a)		<u>788</u>		<u>1,166</u>
NET CURRENT ASSETS			<u>1,219</u>		<u>635</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,374		621
CREDITORS - amounts falling due after more than one year	11(b)		500	-	-
Deferred taxation	12		<u>9</u>	-	-
			(509)		-
			<u>865</u>		<u>621</u>
CAPITAL AND RESERVES					
Called up share capital	14		100		100
Profit and loss account			765		521
			<u>865</u>		<u>621</u>

B.P. HOGG)
C.W. JACKSON)

Directors

The notes on pages 7 to 12 form part of these accounts

Auditors' report - page 3

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1984

SOURCE OF FUNDS	1984		1983	
	£'000	£'000	£'000	£'000
Profit before taxation and extraordinary item				
Extraordinary item		476		440
		-		112
		<u>476</u>		<u>328</u>
Adjustment for item not involving the movement of funds:				
Revaluation of freehold property	22		-	
Depreciation	28		1	
Share of (profits) of associated company	-		(4)	
Provision to write down investment in subsidiary company acquired during 1983 to underlying asset value	1		97	
Write off of goodwill on acquisition of broking business	-		40	
		<u>51</u>		<u>134</u>
TOTAL GENERATED FROM OPERATIONS		<u>527</u>		<u>462</u>
FUNDS FROM OTHER SOURCES				
Loan from holding company		500		-
APPLICATION OF FUNDS				
Taxation paid	199		33	
Purchase of fixed assets	220		47	
Amounts payable for taxation losses surrendered by group companies	347		84	
Dividend paid	-		50	
Purchase of goodwill	-		40	
Purchase of shares in subsidiary companies	-		42	
		<u>766</u>		<u>296</u>
		<u>261</u>		<u>166</u>
INCREASE IN WORKING CAPITAL				
Increase in debtors and prepayments	19		131	
Increase in creditors	(32)		(245)	
Increase/(decrease) in amounts due from group companies	146		(329)	
Movement in net liquid funds:				
Increase in cash and bank balances	128		609	
		<u>261</u>		<u>166</u>

NOTES ON THE ACCOUNTS - 31 DECEMBER 1984Basis of preparation of the accounts

1 In view of the fact that the company is a wholly owned subsidiary, consolidated accounts are not presented in accordance with Section 150(1), 2(a) of the Companies Act 1948.

Principal accounting policies2(a) Related and subsidiary companies

The company's share of profits less losses in related and subsidiary companies are included in the profit and loss account and deducted from the cost of investment in the balance sheet. These amounts are taken from the latest audited accounts of the companies concerned.

(b) Commission

Commissions are taken to profit on an earned basis when the business is transacted, except for life commissions which are taken to profit and loss account on a cash basis.

(c) Fixed Assets

The directors have obtained professional valuations of the freehold properties as at 31 December 1984. These valuations, which produced a net deficit over book value of £21,963, were carried out by Knight, Frank and Rutley, an independent firm of Chartered Surveyors on an existing use basis.

Depreciation is calculated so as to write off the cost of fixed assets on a straight time basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose which are consistent with those of last year, are:

	%
Freehold buildings	2½
Motor vehicles	25
Fixtures and Fittings	10
Furniture etc.	20
Office equipment	33.1/3
Computer	

Leasehold improvements are written off over the term of the lease, or the expected useful economic life of the asset, whichever is the shorter.

(d) Turnover

Turnover represents commission earned and fees received.

NOTES ON THE ACCOUNTS - 31 DECEMBER 1984(e) Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items, and for timing differences to the extent that they are unlikely to result in an actual tax liability in the foreseeable future. Timing differences arise from the recognition for tax purposes of certain items of income and expenses in a different accounting period from that in which they are recognised in the accounts. The tax effect of other timing differences as reduced by the tax benefit of any accumulated losses is treated as a deferred tax liability.

Profit before taxation

3 The profit before taxation is stated after charging:-

	<u>1984</u> £'000	<u>1983</u> £'000
Auditors' remuneration	6	4
Depreciation (note 8)	28	1
Directors' emoluments (note 4)	119	71
Allocation of group head office costs including computer services	119	164
Property revaluation deficit	22	-

and after crediting:

Interest received from holding company	145	96
Other interest received	99	57

Directors' emoluments

4 Particulars of the emoluments of the directors (excluding pension contributions) disclosed in accordance with Section 6 of the Companies Act 1967, as amended by Statutory Instrument, as follows:-

	<u>1984</u> £	<u>1983</u> £
Emoluments of the chairman	<u>N11</u>	<u>N11</u>
Emoluments of the highest paid director	<u>£32,435</u>	<u>£28,571</u>

Number of other directors whose emoluments were within the ranges:

N11 to £5,000	-	-
£ 5,001 to £10,000	2	2
£10,001 to £15,000	2	-
£15,001 to £20,000	1	1

NOTES ON THE ACCOUNTS - 31 DECEMBER 1984 (continued)

Employee information

5(a) The average number of persons employed by the company in the year including executive directors is analysed as follows:-

	<u>1984</u>	<u>1983</u>
Administration	101	102
	<u> </u>	<u> </u>

(b) Employment costs - all employees including executive directors:

	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
Aggregate gross wages and salaries paid to the company's employees	622	495
Employer's national insurance contributions	50	40
Employer's pension contributions under the group's pension schemes	47	41
	<u> </u>	<u> </u>
Total direct costs of employment	719	576
	<u> </u>	<u> </u>

Tax on profit on ordinary activities

6	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
Corporation tax on the profit for the year (1983:52%)	-	232
Amounts payable for losses surrendered by group companies	235	16
Transfer to deferred taxation	9	-
Overprovision for taxation in previous years	(12)	(11)
	<u> </u>	<u> </u>
	232	237
	<u> </u>	<u> </u>

Extraordinary items

7	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
Goodwill arising on purchase of business	-	40
Provision to write down investment in subsidiary company to underlying asset value (note 13)	-	72
	<u> </u>	<u> </u>
	-	112
	<u> </u>	<u> </u>

NOTES ON THE ACCOUNTS - 31 DECEMBER 1984 (continued)Tangible fixed assets

8

	Freehold land and buildings £'000	Leasehold improve- ments £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
<u>Cost or valuation</u>					
At 1 January 1984	46	-	-	-	46
Additions	109	9	76	26	220
Revaluation	(27)	-	-	-	(27)
	<u>128</u>	<u>9</u>	<u>76</u>	<u>26</u>	<u>239</u>
At 31 December 1984	128	9	76	26	239
<u>Depreciation</u>					
At 1 January 1984	1	-	-	-	1
Charge for year (note 3)	4	1	19	4	28
Revaluation	(5)	-	-	-	(5)
	<u>-</u>	<u>1</u>	<u>19</u>	<u>4</u>	<u>24</u>
At 31 December 1984	-	1	19	4	24
Net book value at 31 December 1984	<u>128</u>	<u>8</u>	<u>57</u>	<u>22</u>	<u>215</u>
Net book value at 31 December 1983	<u>45</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45</u>

The freehold property was revalued as at 31 December 1984 at £128,000 by Knight Frank and Rutley, Chartered Surveyors on an 'open market value for existing use' basis. The historic cost of the freehold property at 31 December 1984 is as follows:-

	£'000
Historical cost	155
Accumulated depreciation	5
	<u>150</u>
Historical cost net book value at 31 December 1984	<u>150</u>
Historical cost net book value at 31 December 1983	<u>45</u>

NOTES ON THE ACCOUNTS - 31 DECEMBER 1984 (continued)

Related company

9

	<u>1984</u> £'000	<u>1983</u> £'000
Investment in shares at cost	1	1
Share of post acquisition profits less losses	(5)	(5)
	<u>(4)</u>	<u>(4)</u>

Details of investment are as follows:-

Name:	Motorists Legal Protection Limited
Country of registration	England
Nature of business	Motorists' uninsured loss recovery services
Proportion of shares held	29%
Details from latest audited financial statements available:	
Aggregate capital and reserves	£(16,757)
Loss for period to 31 December 1983	£(21,757)
Tangible assets	£ 27,898

Debtors

10

Amounts falling due within one year:	<u>1984</u> £'000	<u>1983</u> £'000
Debtors in respect of insurance transactions	13	20
Other debtors and prepayments	159	133
Amounts due by group companies:		
Holding company	590	672
Fellow subsidiaries	5	5
Corporation tax recoverable	88	-
	<u>855</u>	<u>830</u>

Creditors

11(a) Amounts falling due within one year:	<u>1984</u> £'000	<u>1983</u> £'000
Creditors in respect of insurance transactions	483	500
Amounts due to fellow subsidiary companies	20	248
Corporation tax	-	235
Accruals	101	52
Bank advance	184	131
	<u>788</u>	<u>1,166</u>

(b) Amounts falling due after more than one year:

This amount represents a loan from the company's holding company. The loan is repayable on or after 31 December 1989 and interest is charged at the average borrowing rate for Provident Financial Group PLC.

NOTES ON THE ACCOUNTS - 31 DECEMBER 1984 (continued)Deferred Taxation

12 The provision for deferred taxation, which represents the full potential liability, relates to accelerated capital allowances.

Investment in subsidiary company

13

	1984		1983	
	£'000	£'000	£'000	£'000
Shares at cost		42		42
Provision to write down investment to underlying asset value at date of acquisition (note 7)		(72)		(72)
		(30)		(30)
Post acquisition profits less losses:				
At 1 January	(25)		-	
Loss for the year	(1)		(25)	
		(26)		(25)
		(56)		(55)

The subsidiary is called Whitehead & Lees (Insurances) Limited and is incorporated in England. The company owns the whole of the issued share capital which consists of 2,000 ordinary shares of £1 each and 2,000 deferred shares of £1 each. In the opinion of the directors the interest in subsidiary company has an aggregate value not less than that shown above.

Called up share capital

14

	Authorised issued and fully paid	
	1984 £'000	1983 £'000
Ordinary shares of £1 each	100	100

Ultimate holding company

15 The company's ultimate holding company is Provident Financial Group PLC, a company incorporated in England.

Contingent liability

16 As a result of group registration for VAT purposes, the company is contingently liable for VAT liabilities arising in other companies in the group. The total potential liability at 31 December 1984 amounted to £1,292,607. No loss is expected to arise in this respect.