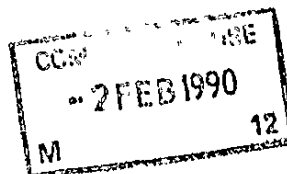


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KELLETT UNDERWRITING AGENCY LIMITED

A C C O U N T S
FOR THE YEAR ENDED
30TH JUNE 1989



KELLETT UNDERWRITING AGENCY LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30TH JUNE 1989

The directors submit their report on the affairs of the company for the year ended 30th June 1989.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company during the year were:

B.P.D. Kellett
B.F.G. Cockhill
J.F. Jackman
R. Boardman

The beneficial interests of the directors of the company, who served during the year ended 30th June 1989, in the shares of group companies, according to the register maintained, as required by the Companies Act 1985, were as follows:-

a) The Company

	"A" Ordinary Shares of £1 each	
	<u>30.6.89</u>	<u>1.7.88</u>
B.P.D. Kellett	6	6
B.F.G. Cockhill	1	1

b) Kellett (Holdings) Limited

	Ordinary Shares of 10p each	
	<u>30.6.89</u>	<u>1.7.88</u>
B.P.D. Kellett	945,640	945,640
B.F.G. Cockhill	60,040	60,040
R. Boardman	30,020	30,020

c) B.P.D. Kellett & Company Limited

	"A" Ordinary Shares of £1 each	
	<u>30.6.89</u>	<u>1.7.88</u>
B.P.D. Kellett	20	20

d) Cornwell & Holliday (Underwriting Management) Limited

	Management Shares of 50p each	
	<u>30.6.89</u>	<u>1.7.88</u>
B.P.D. Kellett	65	65
B.F.G. Cockhill	5	5

e) R.L. Glover & Co. (Underwriting Agents) Limited

	Ordinary Shares of £1 each	
	<u>30.6.89</u>	<u>1.7.88</u>
B.P.D. Kellett	20	20

KELLETT UNDERWRITING AGENCY LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30TH JUNE 1989

DIRECTORS AND DIRECTORS' INTERESTS (continued)

f) <u>Greenly Information & Financial Services Limited</u>		
	Ordinary Shares	of £1 each
B.P.D. Kellett (as Nominee of Kellett (Holdings) Limited)	<u>30.6.89</u>	<u>1.7.88</u>
	1	1
g) <u>Software City Limited</u>		
	Ordinary Shares	of £1 each
B.P.D. Kellett (as Nominee of Kellett (Holdings) Limited)	<u>30.6.89</u>	<u>1.7.88</u>
	1	-

PRINCIPAL ACTIVITY

The company's principal activity continues to be that of a Lloyd's underwriting agent.

REVIEW OF BUSINESS

For the 1990 year of account, the basis of Members Agent's charges has changed. This will be reflected in a fixed income charges being levied, which will therefore enhance income stability. The overall effect will be that income will remain unchanged and the company will become less reliant on profit commission to ensure its viability.

RESULTS AND DIVIDENDS

The results for the year are set out in the attached accounts. The directors paid an interim dividend on the 'B' Ordinary Shares of £4.50 per share (1988 £Nil), amounting to £224,959 and do not propose a final dividend on the 'B' Ordinary Shares (1988 £1.00 per share, amounting to £50,000).

ULTIMATE HOLDING COMPANY

The ultimate holding company is Kellett (Holdings) Limited, a company incorporated in England.

KELLETT UNDERWRITING AGENCY LIMITED

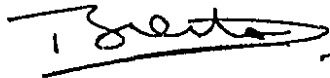
REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30TH JUNE 1989

AUDITORS

A resolution will be proposed to re-appoint BDO Binder Hamlyn as auditors of the Company at the Annual General Meeting.

By Order of the Board

A handwritten signature in dark ink, appearing to read 'T. Shenton', written over a horizontal line.

T. SHENTON
Secretary

13th December 1989

AUDITORS REPORT TO THE MEMBERS OF
KELLETT UNDERWRITING AGENCY 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 30th June 1989 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

BDO Binder Hamlyn

8 St. Bride Street,
London, EC4A 4DA.

13th December 1989

KELLETT UNDERWRITING AGENCY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 1989

	<u>Notes</u>	<u>Year ended</u> <u>30th June 1989</u>	<u>Six month</u> <u>period ended</u> <u>30th June 1988</u>
		<u>£</u> <u>£</u>	<u>£</u> <u>£</u>
Turnover	1(b)	523,299	214,199
Management charges		185,004	87,127
Other operating charges		519	357
		<u>185,523</u>	<u>87,484</u>
		337,776	126,715
Interest receivable		<u>2,735</u>	<u>556</u>
Profit on ordinary activities before taxation	2	340,511	127,271
Taxation	3	<u>111,179</u>	<u>37,879</u>
Profit on ordinary activities after taxation		229,332	89,392
Dividend	4	<u>224,959</u>	<u>50,000</u>
Retained profit on ordinary activities after taxation		4,373	39,392
Retained reserves/loss brought forward		25,894	(13,498)
		<u> </u>	<u> </u>
Retained reserves carried forward		<u>£30,267</u>	<u>£25,894</u>

The notes on pages 8 to 10 form part of these accounts.

KELLETT UNDERWRITING AGENCY LIMITED

BALANCE SHEET

AS AT 30TH JUNE 1989

	<u>Notes</u>	<u>30th June 1989 £</u>	<u>30th June 1988 £</u>
CURRENT ASSETS			
Debtors	5	219,963	189,448
Cash at bank and in hand		<u>101,727</u>	<u>34,767</u>
		321,690	224,215
CREDITORS: Amounts falling due within one year			
	6	<u>241,423</u>	<u>148,321</u>
NET CURRENT ASSETS		<u>£80,267</u>	<u>£75,894</u>
CAPITAL AND RESERVES			
Called up share capital	7	50,000	50,000
Profit and loss account		<u>30,267</u>	<u>25,894</u>
		<u>£80,267</u>	<u>£75,894</u>

Approved by the Board on 13th December 1989

B.F.G. Cockhill

J.F. Jackman

} Directors

The notes on pages 8 to 10 form part of these accounts.

KELLETT UNDERWRITING AGENCY LIMITED
SOURCE & APPLICATION OF FUNDS STATEMENT
FOR THE YEAR ENDED 30TH JUNE 1989

	Year ended 30th June 1989		Six month period ended 30th June 1988	
	£	£	£	£
SOURCE OF FUNDS:				
Profit on ordinary activities before taxation		340,511		127,271
		<u> </u>		<u> </u>
TOTAL GENERATED FROM OPERATIONS		340,511		127,271
APPLICATION OF FUNDS:				
Tax paid	29,272		-	
Dividends paid	<u>274,959</u>		<u>-</u>	
		304,231		-
		<u> </u>		<u> </u>
		£ 36,280		£127,271
		<u> </u>		<u> </u>
INCREASE/(DECREASE) IN WORKING CAPITAL:				
Debtors	(44,472)		145,811	
Creditors	<u>13,792</u>		<u>(10,087)</u>	
		(30,680)		135,724
Movement in net liquid funds				
Cash at bank and in hand		<u>66,960</u>		<u>(8,453)</u>
		£ 36,280		£127,271
		<u> </u>		<u> </u>

KELLETT UNDERWRITING AGENCY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1989

1. ACCOUNTING POLICIES

The following are the more important accounting policies adopted by the company:

a) Basis of accounting

The accounts are prepared under the historical cost convention.

b) Turnover

Turnover consists of underwriting salaries, profit commission, winding up fees and other commission. Underwriting salaries, winding up fees and other commission are accounted for on an accruals basis, and profit commission on a receipts basis.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

During the year, all expenses of the company were borne in the first instance by Kellett (Holdings) Limited and Greenly Information & Financial Services Limited and were then recharged to the company by way of management and administration charges.

Profit on ordinary activities is stated after charging:

	<u>Year ended</u> <u>30th June 1989</u>	<u>Six month</u> <u>period ended</u> <u>30th June 1988</u>
Management charges	£185,004	£87,127
<u>Employees</u>	<u>No.</u>	<u>No.</u>
The average weekly number of employees during the year was:		
Directors	4	4
Administration and Secretarial Staff	6	6

Directors' emoluments

No directors' emoluments were paid during the year.

KELLETT UNDERWRITING AGENCY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1989

3. TAXATION

	Year ended 30th June 1989 £	Six month period ended 30th June 1988 £
Corporation tax based on the adjusted profit for the periods ended:		
(Over)/Under provision		
in prior periods	-	(977)
31st December 1985	-	30,249
31st December 1986	93,424	-
30th June 1988	-	8,607
30th June 1989	17,755	-
	<u>£111,179</u>	<u>£37,879</u>

4. DIVIDENDS

	£	£
Interim dividend paid (£4.50 per 'B' ordinary share [1988 £Nil])	224,959	-
Final proposed dividend (£Nil per 'B' ordinary share [1988 £1.00])	-	50,000
	<u>£224,959</u>	<u>£50,000</u>

5. DEBTORS

	£	£
Trade debtors	40,198	24,041
Amounts owed by group companies	104,778	165,407
Advance Corporation Tax recoverable	74,987	-
	<u>£219,963</u>	<u>£189,448</u>

6. CREDITORS: Amounts falling due
within one year

	£	£
Trade creditors	-	995
Amounts owed to group companies	46,650	59,447
Corporation tax	119,786	37,879
Advance Corporation Tax payable	74,987	-
Dividend proposed	-	50,000
	<u>£241,423</u>	<u>£148,321</u>

KELLETT UNDERWRITING AGENCY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1989

7. SHARE CAPITAL

	<u>30th June 1989</u>	<u>30th June 1988</u>
	£	£
<u>Authorised</u>		
'A' Ordinary shares of £1 each	10	10
'B' Ordinary shares of £1 each	<u>99,990</u>	<u>99,990</u>
	<u>£100,000</u>	<u>£100,000</u>
 <u>Allotted issued and fully paid</u>		
'A' Ordinary shares of £1 each	9	9
'B' Ordinary shares of £1 each	<u>49,991</u>	<u>49,991</u>
	<u>£50,000</u>	<u>£50,000</u>

8. ULTIMATE HOLDING COMPANY

The ultimate holding company is Kellett (Holdings) Limited, a company incorporated in England.