

GALLAGHER PLUMER LIMITED

REPORTS AND FINANCIAL STATEMENTS
31 December 1990

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GALLAGHER PLUMER LIMITED

DIRECTORS & OFFICERS

DIRECTORS:

J D Stancik (USA)	Chairman
R N L Helman	Managing Director & Deputy Chairman
T L W Evans	Deputy Chairman
C J Carter	
G Cavazzi (USA)	
John P Gallagher (USA)	
J Patrick Gallagher (USA)	
J Hewett Hicks	
D Knight	
J J Lloyd	
M G Neil	
A D Robertson	
T A Robertson	

SECRETARY:

J J Lloyd

REGISTERED OFFICE

9, Alie Street
LONDON
E1 8DE

AUDITORS:

Ernst & Young
Becket House
1 Lambeth Palace Road
LONDON
SE1 7EU

SOLICITORS:

Clyde & Co
51 Eastcheap
LONDON
EC3M 1JP

Freshfields
Grindall House
25 Newgate Street
LONDON
EC1A 7LH

BANKERS:

Barclays Bank Plc
P&O Building
122 Leadenhall Street
LONDON
EC3V 4DQ

National Westminster Bank Plc
St Mary Axe Branch
52 Threadneedle Street
LONDON EC2R 8AL

GALLAGHER PLUMER LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31 December 1990.

Review of the business

The principal activity of the group continued to be that of insurance broking.

During the year under review, premium rates continued to decline and the £ Sterling weakened further against the US Dollar. In spite of this 1990 was a better year. There does not appear to be any major prospect of premium rates increasing in 1991 and this, complete with the loss of a significant amount of business following the resignation of a marine reinsurance team and the reduction in interest rates indicates that 1991 will be a difficult year.

Results and Dividends

The results of the group for the year ended 31 December 1990 are set out in the financial statements on pages 4 to 18. The profit after taxation has been transferred to reserves.

Fixed Assets

Details of changes in fixed assets are set out in notes 10 to 11 to the financial statements.

Directors

The present directors are as shown on page 1. The following changes in directors took place from 1 January 1990 to the date of this report.

J.D. Stancik	Appointed	18 June 1990
D. Knight	"	31 July 1990
N.K. Rice	"	21 September 1990
G.M. Cavazzi	"	24 October 1990
S.J. Prince	Resigned	11 January 1990
J.W. Plumer	"	30 June 1990
G. Bell	"	17 August 1990
M.A. Kettle	"	2 November 1990
N.K. Rice	"	7 March 1991

None of the directors had a beneficial interest in shares of group companies which are required to be disclosed in this report.

Donations

During the year the group made charitable donations amounting to £4,339

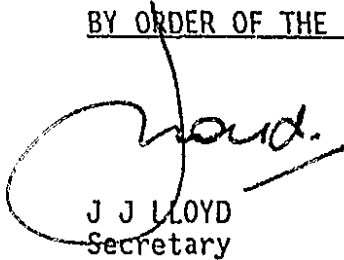
GALLAGHER PLUMER LIMITED

REPORT OF THE DIRECTORS (Continued)

Auditors

Ernst & Young have signified their willingness to continue in office. The re-appointment of the auditors will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



J J LLOYD
Secretary

9 Alie Street
LONDON
E1 8DE

29 April 1991

GALLGHER PLUMER LIMITED

CONSOLIDATED PROFIT & LOSS ACCOUNT
for the year ended 31 December 1990

	<u>Notes</u>	<u>1990</u>	<u>1989</u>
TURNOVER	2	7,718,115	7,168,948
Other operating income	3	2,153,744	2,049,095
Trading expenses	4	<u>(8,797,268)</u>	<u>(7,837,067)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,074,591	1,380,976
Taxation	7	<u>(496,835)</u>	<u>(585,000)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		577,756	795,976
Dividend	9	<u>-</u>	<u>-</u>
RETAINED PROFIT FOR THE YEAR		<u>£577,756</u>	<u>£795,976</u>
STATEMENT OF RESERVES			
Reserves at beginning of year		4,269,968	3,473,992
Retained profit for the year		<u>577,756</u>	<u>795,976</u>
Reserves at end of year	21	<u>£4,847,724</u>	<u>£4,269,968</u>

GALLAGHER PLUMER LIMITED

CONSOLIDATED BALANCE SHEET
for the year ended 31 December 1990

	<u>Note</u>	<u>1990</u> £	<u>1989</u> £
FIXED ASSETS			
Tangible assets	10	1,329,135	1,298,322
Investments	11	32,097	17,648
		<u>1,361,232</u>	<u>£1,315,970</u>
CURRENT ASSETS			
Debtors	13	10,123,678	25,260,732
Investments	14	227,915	347,017
Cash	15	20,338,206	17,992,263
		<u>30,689,799</u>	<u>43,600,012</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(25,896,975)	(39,331,575)
NET CURRENT ASSETS		<u>4,792,824</u>	<u>4,268,437</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,154,056	5,584,407
CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR	17	(154,963)	(154,963)
PROVISION FOR LIABILITIES AND CHARGES	18	157,107	149,000
NET ASSETS		<u>£6,156,200</u>	<u>£5,578,444</u>
CAPITAL AND RESERVES			
Called up share capital	20	744,476	744,476
Share premium account	21	564,000	564,000
Profit and loss account	21	4,847,724	4,269,968
		<u>£6,156,200</u>	<u>£5,578,444</u>

GALLAGHER PLUMER LIMITED

BALANCE SHEET
for the year ended 31 December 1990

	Note	1990	1989
FIXED ASSETS			
		£	£
Tangible assets	10	1,329,135	1,298,322
Investments	11	1,824,049	1,809,600
Subsidiary Companies	12	1,082,072	1,114,486
		<u>4,235,256</u>	<u>4,222,408</u>
CURRENT ASSETS			
Debtors	13	8,702,242	20,587,932
Investments	14	217,915	337,017
Cash	15	17,329,190	15,237,966
		<u>26,249,347</u>	<u>36,162,915</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	16	22,382,426	32,945,757
NET CURRENT ASSETS		<u>3,866,921</u>	<u>3,217,158</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,102,177	7,439,566
CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR	17	(154,963)	(154,963)
PROVISIONS FOR LIABILITIES AND CHARGES	18	168,560	160,453
NET ASSETS		<u>£8,115,774</u>	<u>£7,445,056</u>
CAPITAL AND RESERVES			
Called up share capital	20	744,476	744,476
Share premium account	21	564,000	564,000
Profit and loss account	21	6,807,298	6,136,580
		<u>£8,115,774</u>	<u>£7,445,056</u>

Approved by the Board on 29 April 1991
and signed on its behalf by:

R N L HELMAN)
J J LLOYD) Directors

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GALLAGHER PLUMER LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the year ended 31 December 1990

	<u>1990</u>	<u>1989</u>
SOURCE OF FUNDS		
Profit before taxation	1,074,591	1,380,976
Adjustments for items not involving the movement of funds :		
Profit on disposal of tangible fixed assets	(30,483)	(45,466)
Depreciation	637,716	438,941
Written off fixed asset investments	-	56,000
Provision for doubtful debts	132,927	472,070
	<u>740,160</u>	<u>921,545</u>
FUNDS GENERATED FROM OPERATIONS	1,814,751	2,302,521
FUNDS FROM OTHER SOURCES		
Proceeds on disposal of fixed assets	128,712	165,660
	<u>1,943,463</u>	<u>2,468,181</u>
APPLICATION OF FUNDS		
Dividends paid	-	-
Taxation paid/(recovered)	(84,322)	390,282
Purchase of tangible fixed assets	766,758	1,065,370
Purchase of investment	14,449	8,600
	<u>696,885</u>	<u>1,464,252</u>
	<u>£ 1,246,578</u>	<u>£ 1,003,929</u>
MOVEMENTS IN WORKING CAPITAL		
Increase/(decrease) in debtors	(15,004,127)	9,662,742
Decrease/(increase) in creditors	14,023,864	(4,262,461)
	<u>(980,263)</u>	<u>5,400,281</u>
Movements in net liquid fund		
(Decrease)/Increase in current investments	(119,102)	(692,792)
(Decrease)/Increase in bank and cash balances	2,345,943	(3,703,560)
	<u>£ 1,246,578</u>	<u>£ 1,003,929</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1990

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards.

(a) Basis of Consolidation

The financial statements have been prepared under the historical cost convention. They include the financial statements of the company and its subsidiary companies made up to 31 December. The profits and losses of subsidiary companies are consolidated from the date of acquisition to the date of disposal. Goodwill is written off against reserves immediately. No profit and loss account is presented for the company as provided by S228 (7) of the Companies Act 1985.

(b) Revenue and Expense Recognition

(i) Turnover

Turnover comprises net retained brokerage.

Brokerage is taken to credit when debit notes are processed irrespective of the inception date or period of insurance with the exceptions of reinsurance business which is credited following receipts of declarations, and certain business covering more than one year which is credited over the period of the policy.

(ii) Interest

Interest is credited on an accruals basis.

(iii) Expenses

Costs are written off as incurred.

(c) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets on a straight line basis over their useful lives.

(d) Taxation

The charge for taxation is based on the profit for the year at current rates of tax and takes into account deferred taxation arising from timing differences between the treatment of certain items for account purposes and their treatment for corporation tax purposes.

(e) Other Currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur, except for monetary assets and liabilities which are translated at the rates ruling at the balance sheet date. Differences arising on the translation of such items are dealt with in the profit and loss account.

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 1990

2. TURNOVER

The group's turnover and profit before taxation is all derived from its activities of insurance broking.

The geographical analysis of turnover is as follows:

	1990 £	1989 £
United Kingdom & Europe	3,660,873	3,089,951
North America	3,512,488	3,584,602
Other Countries	544,754	494,395
	<u>£7,718,115</u>	<u>£7,168,948</u>

3. OTHER OPERATING INCOME

1990 £	1989 £
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Included in other operating income are:

Interest receivable	2,120,928	2,003,629
Profit on sale of fixed assets	30,483	45,466
Profit on sale of subsidiary	2,333	-

4. TRADING EXPENSES

1990	1989
------	------

Included in trading expenses are:

	£	£
Staff costs (note 5)	3,857,084	3,656,026
Depreciation	637,716	438,941
Auditor's Remuneration	68,901	50,000
Operating leases	1,060,218	981,678
Doubtful debts provision	56,373	472,070
(Profit)/loss on foreign exchange	760,277	(449,190)
Provision against value of Investments	-	56,000

5. STAFF COSTS

1990	1989
------	------

	£	£
Salaries	3,195,373	3,015,193
Social security costs	319,164	283,563
Other pension costs	342,547	357,270
	<u>3,857,084</u>	<u>3,656,026</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 1990

5. STAFF COST (continued)

The average number of persons employed by the group during the year was as follows:

	1990	1989
	<u> </u>	<u> </u>
Broking & Technical	100	107
Administration	28	38
	<u>128</u>	<u>145</u>

The number of employees who received emoluments (excluding pension contributions) in the following ranges were:

	1990 Number	1989 Number
	<u> </u>	<u> </u>
£ 30,001 - £ 35,000	5	7
£ 35,001 - £ 40,000	4	9
£ 40,001 - £ 45,000	9	4
£ 45,001 - £ 50,000	2	-
£ 65,001 - £ 70,000	1	1

6. DIRECTORS

	1990	1989
	<u> </u>	<u> </u>
(a) Emoluments	£	£
Management services	782,262	861,598
Compensation for loss of office	-	30,154
	<u>£ 782,262</u>	<u>£ 891,752</u>

Director's emoluments, excluding pension contributions, included amounts paid to:

Chairmen	£ Nil	£ Nil
The highest paid Directors' emoluments	£ 131,338	£ 151,328

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1990

6. DIRECTORS (continued)

The number of other Directors who received emoluments (excluding pension contributions) in the following ranges were:

	1990	1989
	Number	Number
Up to £5,000	5	1
£ 10,001 - £ 15,000	-	1
£ 30,001 - £ 35,000	1	-
£ 35,001 - £ 40,000	2	1
£ 40,001 - £ 45,000	-	3
£ 45,001 - £ 50,000	1	2
£ 50,001 - £ 55,000	2	1
£ 65,001 - £ 70,000	2	1
£ 70,001 - £ 75,000	1	1
£ 75,001 - £ 80,000	-	1
£ 95,001 - £100,000	1	-
£110,001 - £115,000	1	-
£120,001 - £125,000	-	2

(b) Transactions

As far as the Directors are aware, other than as disclosed below, no transaction or arrangement involving a Director of the company requires disclosure in these financial statements under the Companies Act 1985.

All of the Directors who are underwriting members of Lloyds participate in syndicates on similar terms which govern all other members of the syndicates in which they participate. In the normal course of business the company may place risks with the syndicates at Lloyds in which the Directors participate as members; any such business is placed on a normal commercial basis. Save as aforesaid, no Director is connected with any insurance underwriter other than as an insignificant shareholder in an insurance company which is listed on the London Stock Exchange.

7. TAXATION

	1990	1989
	£	£
Based on the profit for the year		
Corporation tax at 35%	504,942	582,000
Deferred taxation	(8,107)	3,000
	<u>£496,835</u>	<u>£585,000</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 19908. PROFIT ON ORDINARY ACTIVITIES
AFTER TAXATION

	<u>1990</u>	<u>1989</u>
	£	£
Dealt with in the account of the company	670,718	956,413
Retained by subsidiary companies	(94,178)	(160,437)
Consolidation Adjustment on sale of subsidiary	1,216	-
	<u>£ 577,756</u>	<u>£ 795,976</u>

9. DIVIDENDS

No dividend has been paid or proposed in the year (1989 £Nil)

10. TANGIBLE FIXED ASSETS

	<u>Computer Equipment</u>	<u>Leasehold Premises Short Term</u>	<u>Furniture and Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£	£
THE GROUP AND COMPANY AT COST					
1 January 1990	693,246	364,021	743,789	649,212	2,450,268
Additions	436,506	63,567	25,487	241,198	766,758
Disposals	(489,508)	-	-	(232,556)	(722,064)
31 December 1990	<u>640,244</u>	<u>427,588</u>	<u>769,276</u>	<u>657,854</u>	<u>2,494,962</u>
ACCUMULATED DEPRECIATION					
1 January 1990	584,562	60,775	265,061	241,548	1,151,946
Charge for year	214,433	88,696	163,443	171,144	637,716
Eliminated on disposals	(489,508)	-	-	(134,327)	(623,835)
31 December 1990	<u>309,487</u>	<u>149,471</u>	<u>428,504</u>	<u>278,365</u>	<u>1,165,827</u>
NET BOOK VALUES					
31 December 1990	<u>330,757</u>	<u>278,117</u>	<u>340,772</u>	<u>379,489</u>	<u>1,329,135</u>
31 December 1989	<u>£108,684</u>	<u>£303,246</u>	<u>£478,728</u>	<u>£407,664</u>	<u>£1,298,322</u>
Depreciation rates	33 1/3 %	to next rent review	20%	25%	

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 1990

11. INVESTMENTS

	<u>The Group</u> <u>Unlisted</u>	<u>Unlisted</u>	<u>The Company</u> <u>Loan to</u> <u>Subsidiary</u>	<u>Total</u>
	£	£	£	£
COST				
At 1 January 1990	103,648	95,600	1,800,000	1,895,600
Additions	15,449	15,449	-	15,449
Disposals	(12,000)	(12,000)	-	(12,000)
At 31 December 1990	107,097	99,049	1,800,000	1,899,049
PROVISIONS FOR DIMINUTION IN VALUE				
At 1 January 1990	86,000	86,000	-	86,000
Charge for the year	(11,000)	(11,000)	-	(11,000)
At 31 December 1990	75,000	75,000	-	75,000
Net. Book Values				
At 31 December 1990	32,097	24,049	1,800,000	1,824,049
At 31 December 1989	17,648	9,600	1,800,000	1,809,600

In the opinion of the Directors the value of unlisted investments is not less than book value. The group's unlisted investments include a 12.5% holding in Anglo French Underwriters incorporated in France.

The loan to a subsidiary company is subordinated to the rights of other creditors of that company, bears no interest and is only repayable with the consent of Lloyd's.

12. INVESTMENTS IN SUBSIDIARY COMPANIES

Shares at net asset value:

	£
1 January 1990	1,114,486
Disposals	(32,114)
31 December 1990	1,082,072

Details of the company's subsidiaries at 31 December 1990 were as follows:

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 13 December 1990

12. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

Name	Activity	Incorporated	Class of Shares	Percentage Held
John Plumer & Partners Limited	Lloyd's Broker	Great Britain	Ordinary	100%
John Plumer & Partners Marine Limited	Dormant	Great Britain	A Ordinary B Ordinary Participating Preference	100%* 100%* 100%*
Gallagher Plumer Aviation Limited	Dormant	Great Britain	Ordinary	100%
Gallagher Plumer Marine Reinsurance Brokers Limited	Dormant	Great Britain	Ordinary	100%
Gallagher Plumer Non-Marine Limited	Dormant	Great Britain	Ordinary	100%
Gallagher Plumer North American Limited	Dormant	Great Britain	Ordinary	100%
John Plumer & Company Limited	Dormant	Great Britain	Ordinary	100%

* HELD BY A SUBSIDIARY

At 31 December 1990 the company disposed of a wholly owned subsidiary, Lutine Insurance Services Limited. A profit on disposal of £2,333 is included in other operating income.

13. DEBTORS

	The Group		The Company	
	1990 £	1989 £	1990 £	1989 £
Insurance Debtors	4,228,668	20,263,291	1,866,008	15,016,710
Insurance balances due from fellow group companies	5,367,929	3,528,178	5,367,929	3,528,178
Other debtors	151,165	160,796	151,163	84,497
Prepayments and accrued income	375,916	1,308,467	357,036	1,275,710
Amounts due from subsidiary companies	-	-	960,106	682,837
	<u>£10,123,678</u>	<u>£25,260,732</u>	<u>£8,702,242</u>	<u>£20,587,932</u>

All debtors fall due within one year

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 1990

14. INVESTMENTS - UNLISTED

	<u>The Group</u>		<u>The Company</u>	
	1990 £	1989 £	1990 £	1989 £
Certificates of Tax Deposit	217,915	320,761	217,915	320,761
Lloyd's Deposit	10,000	26,256	-	16,256
	<u>£227,915</u>	<u>£347,017</u>	<u>£217,915</u>	<u>£337,017</u>

15. CASH

Deposits and other cash balances are, in compliance with the requirements of the Corporation of Lloyd's, subject to a charge in favour of a trustee for insurance broking creditors at 31 December 1989 as follows:

	<u>The Group</u>	<u>The Company</u>
Deposits and other cash balances	<u>£ 14,895,736</u>	<u>£ 12,539,256</u>
Insurance broking creditors	<u>£ 22,856,356</u>	<u>£ 18,841,679</u>

16. CREDITORS - AMOUNTS DUE
WITHIN ONE YEAR

	<u>The Group</u>		<u>The Company</u>	
	1990 £	1989 £	1990 £	1989 £
Insurance creditors	22,638,604	37,517,566	18,623,927	31,141,105
Insurance balances due to group companies	217,752	67,273	217,752	67,273
Corporation tax/group relief	1,074,407	485,143	1,125,119	559,943
Social security costs	157,510	181,577	157,510	181,577
Other creditors	1,808,702	1,080,016	1,808,702	995,859
Amounts due to subsidiary companies	-	-	449,416	-
	<u>£25,896,975</u>	<u>£39,331,575</u>	<u>£22,382,426</u>	<u>32,945,757</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 1990

17 CREDITORS - AMOUNTS DUE
AFTER MORE THAN ONE YEAR

	<u>The Group</u>		<u>The Company</u>	
	1990	1989	1990	1989
	£	£	£	£
Shareholders' loan arising on the acquisition of the minority interest in the subsidiary Gallagher Plumer International Ltd (no set repayment date and no interest payable).	154,963	154,963	154,963	154,963
	<u>£154,963</u>	<u>£154,963</u>	<u>£154,963</u>	<u>£154,963</u>

18. PROVISION FOR LIABILITIES
AND CHARGES

	<u>The Group</u>	<u>The Company</u>
	£	£
At 1 January 1990	149,000	160,453
Credit for the year	8,107	8,107
	<u>157,107</u>	<u>168,560</u>

The provision relates to deferred taxation and full details are set out in note 19.

19. DEFERRED TAXATION

	<u>The Group</u>		<u>The Company</u>	
	1990	1989	1990	1989
	£	£	£	£
Provision for deferred taxation is made in respect of the following:				
Excess of depreciation over tax allowances	82,145	50,050	82,145	50,050
Other short term timing differences	(11,453)	-	-	11,453
Long term timing differences arising on pension payments	86,415	98,950	86,415	98,950
	<u>£157,107</u>	<u>£149,000</u>	<u>168,560</u>	<u>160,453</u>

The provision, which represents the total potential asset/(liability), is based on the rates of corporation tax which it is anticipated will apply when the timing differences reverse.

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 1990

20. SHARE CAPITAL

	<u>1990</u>	<u>1989</u>
Authorised 1,250,000 ordinary shares of £1 each	<u>£1,250,000</u>	<u>£1,250,000</u>
Allotted, issued and fully paid 744,476 ordinary shares of £1 each	<u>£744,476</u>	<u>£744,476</u>

21. RESERVES

	<u>Share Premium Account</u> £	<u>Profit and Loss Account</u> £	<u>Total</u> £
THE GROUP			
At 1 January 1990	564,000	4,269,968	4,833,968
Retained profit for the year	-	577,756	577,756
At 31 December 1990 =	<u>£564,000</u>	<u>£4,847,724</u>	<u>£5,411,724</u>

	<u>Share Premium Account</u> £	<u>Profit and Loss Account</u> £	<u>Total</u> £
THE COMPANY			
At 1 January 1990	564,000	6,136,580	6,700,580
Retained profit for the year	-	670,718	670,718
At 31 December 1990	<u>£564,000</u>	<u>£6,807,298</u>	<u>£7,371,298</u>

22. CAPITAL COMMITMENTS

	<u>1990</u> £	<u>The Group</u> 1989 £	<u>1990</u> £	<u>The Company</u> 1989 £
Capital expenditure contracted for but not provided for in the financial statements	<u>-</u>	<u>£186,125</u>	<u>-</u>	<u>£186,125</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 1990

23. OTHER FINANCIAL COMMITMENTS

The annual commitments under non-cancellable operating leases in respect of land & buildings are as follows:

	<u>Group</u> £	<u>Company</u> £
Operating leases expiring:		
Within 1 year	72,756	97,008
Between 2 and 5 year	-	-
Over 5 years	963,210	963,210
	<u>1,035,966</u>	<u>1,060,218</u>

There were no other operating leases.

24. PENSION SCHEME

The group has a non-contributory defined benefit pension scheme covering the majority of its permanent employees. The scheme is administered by trustees and contributions are paid in accordance with the recommendations of independent actuaries. Following an actuarial valuation based on the projected unit method as at 30 April 1988 independent actuaries advised that the market value of the scheme assets as at that date amounted to £4,846,000 and the actuarial value was sufficient to cover 110% of the benefits that has accrued to members after allowing for the effects of future increases in their earnings. This surplus is being recognised on the mortgage basis spread over twelve years, the average working life of the employees.

An actuarial valuation will be carried out on the pension plan as at 30 April 1991.

The charge for the current year comprises of the following:-

	£
Regular pension costs	420,678
Interest on balance sheet items	25,588
Variation from regular pension cost	(125,686)
	<u>£320,580</u>

The unamortized balance sheet item remaining at the year end amounted to £247,316

25. ULTIMATE HOLDING COMPANY

The ultimate holding company is Arthur J Gallagher & Co. incorporated in the United States of America.

REPORT OF THE AUDITORS TO THE MEMBERS OF GALLAGHER PLUMER LIMITED

We have audited the accounts on pages 4 to 18 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at December 31, 1990 and of the profit and source and application of funds for the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
London
April 29, 1991