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GALLAGHER PLUMER LIMITED

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 1989

GALLAGHER PLUMER LIMITED

REPORTS AND FINANCIAL STATEMENTS
31 December 1989

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GALLAGHER PLUMER LIMITED

DIRECTORS AND OFFICERS

DIRECTORS: John P Gallagher (USA) Chairman
R N L Helman Managing Director &
Deputy Chairman
T L W Evans Deputy Chairman
G Bell
C J Carter
J Patrick Gallagher (USA)
J Hewett-Hicks
M A Kettle
J J Lloyd
M G Neil
J W Plumer
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 1989.

Review of the Business

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

The trading results for the year were affected by the US Dollar exchange rate and premium rate reductions in many classes of insurance business. In the light of the continuing weakness of the US Dollar against £ Sterling and the present low levels of premium rates both in London and internationally, 1990 may be another difficult year.

Results and Dividends

The results of the group for the year ended 31 December 1989 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 and 11 to the financial statements.

Directors

The present directors are as shown on page 1. M. G. Neil was appointed a director 1 February 1989. S. L. Matanle resigned as a director on 22 May 1989. J. T. Walden resigned as a director on 31 December 1989. S. J. Prince resigned as a director on 11 January 1990.

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 £500.

GALLAGHER PLUMER LIMITED

REPORT OF THE DIRECTORS (continued)

Auditors

Arthur Young merged their practice with Ernst & Whinney on 1 September 1989, and now practice in the name of Ernst & Young. Accordingly, they have signed their audit report in their new name. 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

25 April 1990

9 Alie Street
LONDON
E1 8DE

GALLAGHER PLUMER LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1989

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
TURNOVER	2	7,168,948	7,203,479
Other operating income	3	2,049,095	1,866,216
Trading expenses	4	<u>(7,837,067)</u>	<u>(7,703,131)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,380,976	1,366,564
Taxation	7	<u>(585,000)</u>	<u>1,070,000</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		795,976	2,436,564
Dividends	9	<u>-</u>	<u>(1,545,000)</u>
RETAINED PROFIT FOR THE YEAR		<u>£795,976</u>	<u>£ 891,564</u>

STATEMENT OF RESERVES

Reserves at beginning of year	3,473,992	2,582,428
Retained profit for the year	<u>795,976</u>	<u>891,564</u>
Reserves at end of year	<u>£4,269,968</u>	<u>£3,473,992</u>

GALLAGHER PLUMER LIMITED

CONSOLIDATED BALANCE SHEET
for the year ended 31 December 1989

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
FIXED ASSETS			
Tangible assets	10	1,298,322	792,087
Investments	11	17,648	65,048
		<u>1,315,970</u>	<u>857,135</u>
CURRENT ASSETS			
Debtors	13	25,260,732	16,070,060
Investments	14	347,017	1,039,809
Cash	15	17,992,263	21,695,823
		<u>43,600,012</u>	<u>38,805,692</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(39,331,575)	(34,877,396)
NET CURRENT ASSETS		<u>4,268,437</u>	<u>3,928,296</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,584,407	4,785,431
CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR	17	(154,963)	(154,963)
PROVISIONS FOR LIABILITIES AND CHARGES	18	149,000	152,000
NET ASSETS		<u>£5,578,444</u>	<u>£4,782,468</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	4,269,968	3,473,992
		<u>£5,578,444</u>	<u>£4,782,468</u>

GALLAGHER PLUMER LIMITED

BALANCE SHEET

for the year ended 31 December 1989

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
FIXED ASSETS			
Tangible assets	10	1,298,322	792,087
Investments	11	1,809,600	1,857,000
Subsidiary Companies	12	1,114,486	1,114,486
		<u>4,222,408</u>	<u>3,763,573</u>
CURRENT ASSETS			
Debtors	13	20,587,932	12,045,145
Investments	14	337,017	1,029,809
Cash	15	15,237,966	17,852,406
		<u>36,162,915</u>	<u>30,927,360</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	16	32,945,757	(28,218,827)
NET CURRENT ASSETS		<u>3,217,158</u>	<u>2,708,533</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,439,566	6,472,106
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(154,963)	(154,963)
PROVISIONS FOR LIABILITIES AND CHARGES	18	160,453	171,500
NET ASSETS		<u>£7,445,056</u>	<u>£6,488,643</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	6,136,580	5,180,167
		<u>£7,445,056</u>	<u>£6,488,643</u>

Approved by the Board on 25 April 1990
and signed on its behalf by:

R N L HELMAN

)
) Directors

J J LLOYD

GALLAGHER PLUMER LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the year ended 31 December 1989

	<u>1989</u> £	<u>1988</u> £
SOURCE OF FUNDS	1,380,976	1,366,564
Profit before taxation		
Adjustments for items not involving the movement of funds:		
Creditors - amounts falling due after more than one year	-	(42,388)
Profit on disposal of tangible fixed assets	(45,466)	(59,154)
Depreciation	438,941	309,100
Written off fixed asset investments	56,000	-
Provision for doubtful debts	472,070	200,169
	<u>921,545</u>	<u>407,727</u>
FUNDS GENERATED FROM OPERATIONS	2,302,521	1,774,291
FUNDS FROM OTHER SOURCES		
Proceeds on disposal of fixed assets	165,660	171,072
Proceeds on issue of shares	-	633,000
	<u>2,468,181</u>	<u>2,578,363</u>
APPLICATION OF FUNDS		
Dividends paid	-	1,545,000
Taxation paid	390,282	868,726
Purchase of tangible fixed assets	1,065,370	529,534
Purchase of Investment	8,600	-
	<u>1,464,252</u>	<u>2,943,260</u>
	<u>£1,003,929</u>	<u>£ (364,897)</u>
MOVEMENTS IN WORKING CAPITAL		
Increase/(decrease) in debtors	9,662,742	(3,272,481)
Decrease/(increase) in creditors	(4,262,461)	1,579,811
	<u>5,400,281</u>	<u>(1,692,670)</u>
Movements in net liquid funds		
(Decrease)/Increase in current investments	(692,792)	(116,574)
(Decrease)/Increase in bank and cash balances	(3,703,560)	1,444,347
	<u>£ 1,003,929</u>	<u>£ (364,897)</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1989

1. ACCOUNTING POLICIES

(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 except as stated in note 12. 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 estimated 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 accounts purposes and their treatment for corporation tax purposes.

(e) Foreign 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 1989

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:

	<u>1989</u> £	<u>1988</u> £
United Kingdom & Europe	3,089,951	2,094,019
North America	3,584,602	4,446,195
Other countries	494,395	663,265
	<u>£7,168,948</u>	<u>£7,203,479</u>

3. OTHER OPERATING INCOME

	<u>1989</u> £	<u>1988</u> £
Included in other operating income are:		
Interest receivable	2,003,629	1,769,641
Income from listed investments	-	288
Profit on sale of fixed assets	45,466	59,154

4. TRADING EXPENSES

	<u>1989</u> £	<u>1988</u> £
Included in trading expenses are:		
Staff costs (note 5)	3,656,026	3,885,834
Depreciation	438,941	309,100
Auditors' remuneration	50,000	50,000
Operating leases	981,678	610,296
Doubtful debts provision	472,070	200,169
(Profit)/loss on foreign exchange	(449,190)	104,399
Provision against value of Investments	56,000	-

5. STAFF COSTS

	<u>1989</u> £	<u>1988</u> £
Salaries	3,015,193	3,269,940
Social security costs	283,563	294,007
Other pension costs	357,270	321,887
	<u>£3,656,026</u>	<u>£3,885,834</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 1989

5. STAFF COSTS (continued)

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

	<u>1989</u>	<u>1988</u>
Broking and Technical	107	129
Administration	38	44
	<u>145</u>	<u>173</u>

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

	<u>1989</u> Number	<u>1988</u> Number
£30,001 - £35,000	7	4
£35,001 - £40,000	9	6
£40,001 - £45,000	4	4
£65,001 - £70,000	1	1

6. DIRECTORS

	<u>1989</u> £	<u>1988</u> £
(a) Emoluments		
Management services	861,598	981,426
Compensation for loss of office	30,154	-
Total Emoluments	<u>£891,752</u>	<u>£981,426</u>

The emoluments of directors, excluding pension contributions, included amounts paid to:

Chairman	£ Nil	£ Nil
The highest paid director's emoluments	<u>£151,328</u>	<u>£140,581</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1989

6. DIRECTORS (continued)

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

	<u>1989</u> Number	<u>1988</u> Number
Up to £5,000	1	1
£ 5,001 - £ 10,000	-	1
£ 10,001 - £ 15,000	1	-
£ 15,001 - £ 20,000	-	1
£ 20,001 - £ 25,000	-	1
£ 35,001 - £ 40,000	1	2
£ 40,001 - £ 45,000	3	3
£ 45,001 - £ 50,000	2	1
£ 50,001 - £ 55,000	1	1
£ 55,001 - £ 60,000	-	2
£ 60,001 - £ 65,000	-	1
£ 65,001 - £ 70,000	1	-
£ 70,001 - £ 75,000	1	1
£ 75,001 - £ 80,000	1	-
£120,001 - £125,000	2	-
£135,001 - £140,000	-	1

(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 Lloyd's 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 Lloyd's 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

	<u>1989</u> £	<u>1988</u> £
Based on the profit for the year		
Corporation tax at 35%	582,000	621,000
Deferred taxation	3,000	(37,000)
Group Relief surrendered by holding company	-	(1,654,000)
	<u>£585,000</u>	<u>£(1,070,000)</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 19898. PROFIT ON ORDINARY ACTIVITIES
AFTER TAXATION

	<u>1989</u>	<u>1988</u>
	£	£
Dealt with in the account of the company	956,413	3,374,131
Retained by subsidiary companies	(160,437)	(937,567)
	<u>£ 795,976</u>	<u>£2,436,564</u>

9. DIVIDENDS

	<u>1989</u>	<u>1988</u>
	£	£
Final Dividend of £ Nil (1988 £2,287.28) per share	-	£1,545,000

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 COST					
1 January 1989	581,749	202,948	470,149	628,794	1,883,640
Additions	111,497	161,073	476,856	315,944	1,065,370
Disposals	-	-	(203,216)	(295,526)	(498,742)
31 December 1989	<u>£693,246</u>	<u>£364,021</u>	<u>£743,789</u>	<u>£649,212</u>	<u>£2,450,268</u>
ACCUMULATED DEPRECIATION					
1 January 1989	473,457	-	378,399	239,697	1,091,553
Charge for year	111,105	60,775	89,878	177,183	438,941
Eliminated on disposals	-	-	(203,216)	(175,332)	(378,548)
31 December 1989	<u>£584,562</u>	<u>£60,775</u>	<u>£265,061</u>	<u>£241,548</u>	<u>£1,151,946</u>
NET BOOK VALUES					
31 December 1989	<u>£108,684</u>	<u>£303,246</u>	<u>£478,728</u>	<u>£407,664</u>	<u>£1,298,322</u>
31 December 1988	<u>£108,292</u>	<u>£202,948</u>	<u>£91,750</u>	<u>£389,097</u>	<u>£792,087</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 1989

11. INVESTMENTS	The Group	The Company		
	Unlisted	Unlisted	Loan to Subsidiary	Total
	£	£		£
COST				
At 1 January 1989	95,048	87,000	1,800,000	1,887,000
Additions	8,600	8,600	-	8,600
At 31 December 1989	£103,648	£95,600	1,800,000	£1,895,600
PROVISIONS FOR DIMINUTION IN VALUE				
At 1 January 1989	30,000	30,000	-	30,000
Charge for the year	56,000	56,000	-	56,000
At 31 December 1989	£86,000	£86,000	-	£86,000
Net. Book Values				
At 31 December 1989	£17,648	£9,600	1,800,000	£1,809,600
At 31 December 1988	£65,048	£57,000	1,800,000	£1,857,000

In the opinion of the directors the value of unlisted investments is not less than the 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 1989 and 31 December 1989 £1,114,486

Details of the company's subsidiaries at 31 December 1989 were as follows:

<u>Name</u>	<u>Activity</u>	<u>Incorporated</u>	<u>Class of Shares Held</u>	<u>Percentage Held</u>
John Plumer & Partners Limited	Lloyd's Broker	Great Britain	Ordinary	100%
Lutine Insurance Services Limited	Insurance Agent	Guernsey	Ordinary	100%
John Plumer & Partners Marine Limited	Dormant	Great Britain	A Ordinary B Ordinary Participating Preference	100% * 100% * 100% *

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 1989

12. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

<u>Name</u>	<u>Activity</u>	<u>Incorporated</u>	<u>Class of Shares Held</u>	<u>Percentage Held</u>
Gallagher Plumer Construction & UK Limited	Dormant	Great Britain	Ordinary	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%

The financial statements of Lutine Insurance Services Limited are made up for the year ended 30 September. The directors are advised that it would currently not be in the best interests of the group to change the year ended to 31 December. Results included in these financial statements for this subsidiary in respect of the period subsequent to their last audited financial statements are taken from management accounts.

* held by a subsidiary.

13. DEBTORS

	<u>The Group</u>		<u>The Company</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Insurance debtors	20,263,291	14,113,491	15,016,710	10,225,450
Insurance balances due from fellow group companies	3,528,178	1,404,839	3,528,178	1,404,839
Other debtors	160,796	201,080	84,497	125,006
Prepayments and accrued income	1,308,467	350,650	1,275,710	289,850
Amounts due from subsidiary companies	-	-	682,837	-
	<u>£25,260,732</u>	<u>£16,070,060</u>	<u>£20,587,932</u>	<u>£12,045,145</u>

All debtors fall due within one year.

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 1989

14. INVESTMENTS - UNLISTED

	<u>The Group</u>		<u>The Company</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	£	£	£	£
Certificates of Tax				
Deposit	320,761	1,013,553	320,761	1,013,553
Lloyd's Deposit	26,256	26,256	16,256	16,256
	<u>£347,017</u>	<u>£1,039,809</u>	<u>£337,017</u>	<u>£1,029,809</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>£15,804,400</u>	<u>£13,816,830</u>
Insurance broking creditors	<u>£37,584,839</u>	<u>£31,208,378</u>

16. CREDITORS - AMOUNTS FALLING DUE
WITHIN ONE YEAR

	<u>The Group</u>		<u>The Company</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	£	£	£	£
Insurance creditors	37,517,566	31,688,096	31,141,105	25,081,909
Insurance balances due to group companies	67,273	780,736	67,273	826,847
Corporation tax/group relief	485,143	293,425	559,943	(156,272)
Social security costs	181,577	177,051	181,577	177,051
Other creditors	1,080,016	1,938,088	995,859	1,853,931
Amounts due to subsidiary companies	-	-	-	435,361
	<u>£39,331,575</u>	<u>£34,877,396</u>	<u>£32,945,757</u>	<u>£28,218,827</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 1989

17. CREDITORS - AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR

	<u>The Group</u>		<u>The Company</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	£	£	£	£
Shareholders' loan arising on the acquisition of the minority interest in the subsidiary Gallagher Plumer International Ltd	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. PROVISIONS FOR LIABILITIES
AND CHARGES

	<u>The Group</u>	<u>The Company</u>
	£	£
At January 1989	152,000	171,500
Credit for the year	(3,000)	(11,047)
At 31 December 1989	<u>£149,000</u>	<u>£160,453</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>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	£	£	£	£
Provision for deferred taxation is made in respect of the following:				
Excess of depreciation over tax allowances	50,050	27,100	50,050	27,100
Other short term timing differences	-	8,750	11,453	28,250
Long term timing differences arising on pension payments	98,950	116,150	98,950	116,150
	<u>£149,000</u>	<u>£152,000</u>	<u>£160,453</u>	<u>£171,500</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 PTIMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 1989

20. SHARE CAPITAL

	<u>1989</u>	<u>1988</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 1989	564,000	3,473,992	4,037,992
Retained profit for the year	-	795,976	795,976
At 31 December 1989	<u>£564,000</u>	<u>£4,269,968</u>	<u>£4,833,968</u>

	<u>Share Premium Account</u> £	<u>Profit and Loss Account</u> £	<u>Total</u> £
THE COMPANY			
At 1 January 1989	564,000	5,180,167	5,744,167
Retained profit for the year	-	956,413	956,413
At 31 December 1989	<u>£564,000</u>	<u>£6,136,580</u>	<u>£6,700,580</u>

22. CAPITAL COMMITMENTS

	<u>Group</u>		<u>Company</u>	
	1989	1988	1989	1988
Capital expenditure contracted for but not provided for in the Financial Statements	£186,125	£444,300	£186,125	£444,300

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 1989

23. OTHER FINANCIAL COMMITMENTS

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

	<u>Group</u> £	<u>Company</u> £
Operating leases expiring:		
Within 1 year	-	-
Between 2 and 5 years	97,000	97,000
Over 5 years	963,210	963,210
	<u>£1,060,210</u>	<u>£1,060,210</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 £4,864,000 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.

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

	£
Regular pension costs	456,873
Interest on balance sheet items	26,083
Variation from regular pension cost	(125,686)
	<u>£ 357,270</u>

The unamortized balance sheet item remaining at the year end amount to £284,316.


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, 1989 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.



Chartered Accountants

London

April 25, 1990