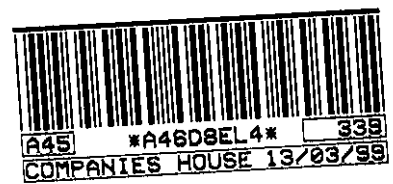


Company Number: 1278058

**PRIESTLEY AND PARTNERS
(INSURANCE) BROKERS LIMITED**

Financial Statements

for the year ended 30th September 1998



PRIESTLEY AND PARTNERS (INSURANCE) BROKERS LIMITED

Index

Page No.

1 and 2	Directors' Report
3	Auditors' Report
4	Profit and Loss Account
5	Balance Sheet
6 to 9	Notes to the Financial Statements

PRIESTLEY AND PARTNERS (INSURANCE) BROKERS LIMITED

Directors' Report

for the year ended 30th September 1998

The directors submit their report together with the audited financial statements for the year ended 30th September 1998.

Directors' Statement

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit for that year. In preparing those financial statements the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and to enable them to ensure the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal Activity

The principal activity of the company continued to be that of Insurance Brokers and the company is registered with the Insurance Brokers Registration Council.

Directors and their Interests

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

	Ordinary shares of 1p each	
	1998 No.	1997 No.
Mr N M Priestley	-	95,000
Mr N R Swift	65,000	-
Mr B R McGlaulin	35,000	-

PRIESTLEY AND PARTNERS (INSURANCE) BROKERS LIMITED

Directors' Report

for the year ended 30th September 1998

Auditors

The Auditors, Harold Sharp, Son & Gresty Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

Exemption Statement

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board:



Mr B R McGlaulin, Secretary

11/12/98

PRIESTLEY AND PARTNERS (INSURANCE) BROKERS LIMITED

Auditors' Report to the Shareholders

on the Financial Statements for the year ended 30th September 1998

We have audited the financial statements on pages 4 to 9, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of the directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th September 1998 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Harold Sharp, Son & Gresty

**Harold Sharp, Son & Gresty
Chartered Accountants
and Registered Auditors**

11/12/98

Holland House
1-5 Oakfield
Sale
Cheshire
M33 6TT

PRIESTLEY AND PARTNERS (INSURANCE) BROKERS LIMITED

Profit and Loss Account

for the year ended 30th September 1998

	Notes	1998 £	1997 £
Turnover		304,888	290,276
Administrative expenses		(259,022)	(259,050)
Operating profit	2	45,866	31,226
Interest receivable	4	4,774	3,156
Profit on ordinary activities before taxation		50,640	34,382
Tax on profit on ordinary activities	5	(12,183)	(10,547)
Profit on ordinary activities after taxation		38,457	23,835
Dividends	6	(17,600)	(22,688)
Retained profit transferred to reserves		20,857	1,147
Retained profit brought forward		14,596	13,449
Retained profit carried forward		35,453	14,596

All amounts relate to continuing activities.

There have been no recognised gains or losses, other than the results for the financial year, and all profits or losses have been accounted for on an historical cost basis.

The notes on pages 6 to 9 form part of these financial statements.

PRIESTLEY AND PARTNERS (INSURANCE) BROKERS LIMITED

Balance Sheet


as at 30th September 1998

	Notes	1998 £	1998 £	1997 £	1997 £
Fixed Assets					
Tangible Fixed Assets	7		4,796		6,054
Current Assets					
Debtors	8	146,404		170,818	
Cash at bank and in hand		114,417		66,725	
		260,821		237,543	
Creditors:					
Amounts falling due within one year	9	(229,164)		(228,001)	
Net Current Assets			31,657		9,542
Total Assets less Current Liabilities			36,453		15,596
Capital and Reserves					
Called up share capital	10		1,000		1,000
Profit and loss account			35,453		14,596
Equity Shareholders' Funds	11		36,453		15,596

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These accounts were approved by the board on .

Mr N R Swift
Director

 11/12/1998

The notes on pages 6 to 9 form part of these financial statements.

PRIESTLEY AND PARTNERS (INSURANCE) BROKERS LIMITED

Notes to the Financial Statements

for the year ended 30th September 1998

1 Principal Accounting Policies

Accounting Convention

The Financial Statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

Cash Flow Statement

In the opinion of the directors the company qualifies as a small company and accordingly a cash flow statement is not required.

Turnover

Turnover is the total amount of commissions receivable by the company in respect of non-life business which is accounted for when the insured is charged with the premium.

Depreciation

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets over their expected useful lives, using the reducing balance basis. The rates generally applicable are:

Office equipment	25%
Furniture and fittings	15%

Contribution to Pension Funds

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised as tangible fixed assets and depreciated in accordance with the accounting policy on depreciation. The related obligations, net of finance costs allocated to future periods, are included in creditors. Finance costs are charged against profits over the period of the contract in proportion to the net obligation outstanding.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight line basis over the lease term.

PRIESTLEY AND PARTNERS (INSURANCE) BROKERS LIMITED

Notes to the Financial Statements

for the year ended 30th September 1998

2 Operating Profit

The operating profit is stated after charging or crediting:

	1998	1997
	£	£
Other operating lease rentals	8,883	8,883
Amounts payable to the auditors in respect of audit services	3,525	3,525
Depreciation - owned assets	1,258	1,617

3 Directors

	1998	1997
	£	£
Total remuneration	133,747	93,385

4 Interest Receivable

	1998	1997
	£	£
Bank interest receivable	4,774	3,156

5 Tax on Profit on Ordinary Activities

	1998	1997
	£	£
<i>Based on the profit for the year:</i>		
U.K. Corporation tax at 21% (1997: 21%)	12,183	10,562
Prior year adjustments - corporation tax	-	(15)
	12,183	10,547

6 Dividends

	1998	1997
	£	£
Equity		
Ordinary shares - final paid of £0.18 per share (1997 £0.23)	17,600	22,688

PRIESTLEY AND PARTNERS (INSURANCE) BROKERS LIMITED

Notes to the Financial Statements

for the year ended 30th September 1998

7 Tangible Fixed Assets

	Office equipment	Furniture and fittings	Total
Cost	£	£	£
At 1st October 1997	38,691	17,087	55,778
At 30th September 1998	38,691	17,087	55,778
Depreciation			
At 1st October 1997	35,190	14,534	49,724
Charged for the year	875	383	1,258
At 30th September 1998	36,065	14,917	50,982
Net Book Value			
At 30th September 1998	2,626	2,170	4,796
At 30th September 1997	3,501	2,553	6,054

8 Debtors

	1998	1997
	£	£
Trade debtors	145,721	166,443
Prepayments and accrued income	683	4,375
	146,404	170,818

9 Creditors: Amounts falling due within one year

	1998	1997
	£	£
Trade creditors	193,233	198,099
Corporation tax	7,783	4,890
Other taxes and social security	4,442	3,916
Directors loan account	17,600	-
ACT payable	4,400	-
Accruals and deferred income	1,706	21,096
	229,164	228,001

PRIESTLEY AND PARTNERS (INSURANCE) BROKERS LIMITED

Notes to the Financial Statements

for the year ended 30th September 1998

10 Share Capital

Authorised	1998 £	1997 £
100,000 Ordinary shares of 1p each (1997: 100,000)	1,000	1,000
Allotted and fully paid	1998 £	1997 £
100,000 Ordinary shares of 1p each (1997: 100,000)	1,000	1,000

11 Reconciliation of the Movement in Shareholders' Funds

	1998 £	1997 £
Profit for the financial year	38,457	23,835
Dividends	(17,600)	(22,688)
Increase in shareholders' funds	20,857	1,147
Opening shareholders' funds	15,596	14,449
Closing shareholders' funds	36,453	15,596

12 Operating lease commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year:

	1998 Other £	1997 Other £
Expiring:		
Within one year	2,961	-
Within two to five years	-	8,883
After five years	-	-
	2,961	8,883

13 Pensions - Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company. The pension cost charge represents contributions payable by the company to the fund in the year and amounted to £25,343 (1997: £16,381).