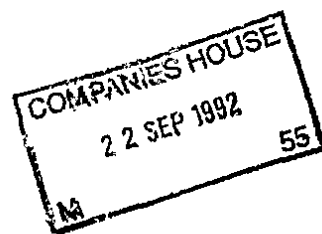


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LONDON WALL INSURANCE SERVICES LIMITED

Period ended

31 December 1991



LONDON WALL INSURANCE SERVICES LIMITED

Annual report and financial statements for the period ended 31 December 1991

Contents

Directors

Page:

1. Report of the directors
 2. Profit and loss account
 3. Balance sheet
 4. Notes forming part of the financial statements
 10. Cash flow statement
 11. Report of the auditors
-

Directors

J D Rose
J A Williams
R T Rogers

Secretary and registered office

M Breen, Wallside House, Mount Ephraim Road, Tunbridge Wells,
Kent, TN1 1EE.

Company number

1325167

Auditors

Stoy Hayward, 8 Baker Street, London, W1M 1DA.

LONDON WALL INSURANCE SERVICES LIMITED

Report of the directors for the period ended 31 December 1991

The directors present their report together with the audited financial statements for the period ended 31 December 1991.

Change of accounting reference date

During the period the accounting reference date was changed to 31 December to coincide with that of the ultimate parent company. The financial statements have been drawn up for the eighteen months ended 31 December 1991 and the comparative figures are given for 30 June 1990.

Results and dividends

The profit and loss account is set out on page 2 and shows the profit for the period. The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The company carries on business as insurance brokers, including the overall administration on behalf of insurers. The directors are satisfied with the company's result, given the difficult economic trading conditions experienced by the UK during the past eighteen months.

Post balance sheet events

There have been no events since the balance sheet date which materially affect the position of the company.

Significant changes in fixed assets

Movements in fixed assets are set out in note 8 to the financial statements.

Directors

The directors of the company during the period were:

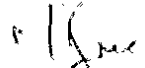
G R Hoppe	(resigned 30 June 1991)
D P Comer	(resigned 30 September 1990)
R E Davess	(resigned 31 January 1991)
A R W Large	(resigned 18 July 1990)
D K Johnston	(resigned 30 June 1991)
J D Rose	
J A Williams	
R T Rogers	(appointed 26 November 1990)

The directors did not have any interest in the ordinary share capital of the company during the period.

Auditors

Stoy Hayward have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

By order of the board


M Breen

Secretary

Date 2.3.92

LONDON WALL INSURANCE SERVICES LIMITED

Profit and loss account for the period ended 31 December 1991

	<u>Note</u>	18 months ended <u>31 December 1991</u> £ £	Year ended <u>30 June 1990</u> £ £
Turnover	2	4,321,086	3,604,979
Staff costs	3	1,546,375	960,901
Administrative expenses		2,563,667	1,546,287
		<u>4,110,042</u>	<u>2,507,188</u>
		211,044	1,097,791
Interest receivable		866,245	641,962
		<u>1,077,289</u>	<u>1,739,753</u>
Interest payable	4	1,378	1,299
Profit on ordinary activities before taxation	5	1,075,911	1,738,454
Taxation on profits from ordinary activities	6	406,944	607,500
Profit on ordinary activities after taxation		<u>668,967</u>	<u>1,130,954</u>
Dividends	7	-	900,000
Retained profit for the period		<u>668,967</u>	<u>230,954</u>
Retained profit brought forward		<u>1,382,203</u>	<u>1,151,249</u>
Retained profit carried forward		<u>2,051,170</u>	<u>1,382,203</u>


The notes on pages 4 to 9 form part of these financial statements

LONDON WALL INSURANCE SERVICES LIMITED

Balance sheet at 31 December 1991

	<u>Note</u>	<u>31 December 1991</u>	<u>30 June 1990</u>
		<u>£</u>	<u>£</u>
Fixed assets			
Tangible assets	8	589,723	530,622
Current assets			
Debtors	9	1,299,978	1,186,935
Cash at bank and in hand		4,506,511	4,849,474
		<u>5,806,489</u>	<u>6,036,409</u>
Creditors			
Amounts falling due within one year	10	3,962,447	4,813,096
Net current assets		<u>1,844,042</u>	<u>1,223,313</u>
Total assets less current liabilities		2,433,765	1,753,935
Provisions for liabilities and charges	11	377,595	366,732
		<u>2,056,170</u>	<u>1,387,203</u>
Capital and reserves			
Called up share capital	14	5,000	5,000
Profit and loss account		2,051,170	1,382,203
		<u>2,056,170</u>	<u>1,387,203</u>

These financial statements were approved by the Board on 2nd Jan 1992


R T Rogers
Director

The notes on pages 4 to 9 form part of these financial statements

LONDON WALL INSURANCE SERVICES LIMITED

Notes forming part of the financial statements
for the period ended 31 December 1991

1. Accounting policies

There have been no changes in accounting policies during the period.

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents insurance commission net of agents' commission after adjustment for amounts not earned in respect of claims administration.

Turnover is recognised on the receipt of applications for cover from customers.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following rates:

Leasehold properties	- Over the period of the lease
Office equipment	- 15% to 25%
Motor vehicles	- 25%

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability will crystallise.

Pension costs

Contributions to the company's defined benefits pension scheme are charged to the profit and loss account so as to spread the cost of pensions over employee's working lives within one company.

2. Turnover and profits

The turnover and profit for the period are derived solely from the company's principal activity of acting as insurance brokers, including the overall administration on behalf of insurers.

3. Employees

	18 months ended 31 December 1991 £	Year ended 30 June 1990 £
Staff costs consist of:		
Wages and salaries	1,353,390	848,759
Social security costs	122,577	77,328
Other pension costs	70,408	34,814
	<hr/>	<hr/>
	1,546,375	960,901
	<hr/>	<hr/>

LONDON WALL INSURANCE SERVICES LIMITED

Notes forming part of the financial statements
for the period ended 31 December 1991 (Continued)

3. Employees (Continued)

	18 months ended 31 December 1991 Number	Year ended 30 June 1990 Number
The average weekly number of employees during the period was as follows:	69	72

4. Interest payable

	£	£
Bank loans and overdrafts	1,378	1,299

5. Profit on ordinary activities before taxation

This is arrived at after charging/(crediting):

Depreciation	334,400	201,678
Auditors' remuneration	25,000	26,000
Directors' remuneration	-	-
Loss/(profit) on sale of fixed assets	6,822	(12,400)
Property rentals - operating leases	75,000	75,000

6. Taxation on profits from ordinary activities

U.K. corporation tax at 33.5% (1990 - 35%) based on profit for the period	439,540	575,382
Overprovision in prior years	(478)	-
Transfer (from)/to deferred taxation	(32,118)	32,118
	406,944	607,500

7. Dividends

Final proposed dividend £Nil (1990 - £90) per ordinary share	-	900,000
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LONDON WALL INSURANCE SERVICES LIMITED

Notes forming part of the financial statements
for the period ended 31 December 1991 (Continued)

8. Tangible assets

	Short leasehold properties £	Office equipment £	Motor vehicles £	Total £
Cost				
At beginning of period	149,049	637,617	299,534	1,086,200
Additions	-	267,994	185,369	453,363
Disposals	-	-	(150,194)	(150,194)
At end of period	149,049	905,611	334,709	1,389,369
Depreciation				
At beginning of period	36,345	421,723	97,510	555,578
Provided for the period	31,239	171,748	131,413	334,400
Disposals	-	-	(90,332)	(90,332)
At end of period	67,584	593,471	138,591	799,646
Net book value				
At 31 December 1991	81,465	312,140	196,118	589,723
At 30 June 1990	112,704	215,894	202,024	530,622

9. Debtors

	<u>31 December 1991</u> £	<u>30 June 1990</u> £
Trade debtors	805,786	636,037
Amounts due from group undertakings	352,327	209,010
Other debtors	7,228	10,025
Prepayments and accrued income	134,637	331,863
	<u>1,299,978</u>	<u>1,186,935</u>

All amounts shown under debtors fall due for payment within one year.

LONDON WALL INSURANCE SERVICES LIMITED

Notes forming part of the financial statements
for the period ended 31 December 1991 (Continued)

10. Creditors falling due within one year

	<u>31 December 1991</u>	<u>30 June 1990</u>
	£	£
Trade creditors	784,779	668,755
Amounts owed to group undertakings	2,468,245	2,243,438
Creditors for taxation and social security	21,505	19,961
Corporation tax	428,152	807,200
Other creditors	127,974	82,839
Accruals	131,792	90,903
Dividends payable	-	900,000
	<u>3,962,447</u>	<u>4,813,096</u>

11. Provisions for liabilities and charges

Provision for unearned commission (note 12)	377,595	334,614
Deferred taxation (note 13)	-	32,118
	<u>377,595</u>	<u>366,732</u>

12. Provision for unearned commission

Provision brought forward	334,614	283,490
Movement in period	42,981	51,124
	<u>377,595</u>	<u>334,614</u>

Claims administration commission is time-apportioned over the life of each relevant policy. The provision carried forward represents the commission received in respect of the unexpired terms of such policies.

13. Deferred taxation

	<u>31 December 1991</u>		<u>30 June 1990</u>	
	Unprovided	Provided	Unprovided	Provided
	£	£	£	£
Capital allowances	(33,757)	-	-	(32,457)
Short term timing differences	5,618	-	-	64,575
	<u>(28,139)</u>	<u>-</u>	<u>-</u>	<u>32,118</u>

LONDON WALL INSURANCE SERVICES LIMITED

Notes forming part of the financial statements
for the period ended 31 December 1991 (Continued)

14. Share capital

	Authorised		Allotted and fully paid	
	31 December 1991	30 June 1990	31 December 1991	30 June 1990
	£	£	£	£
Ordinary shares of 50p each	10,000	10,000	5,000	5,000

15. Ultimate parent company

The directors consider the ultimate parent company to be The Royal Automobile Club Limited, a company registered in England.

16. Commitments under operating leases

As at 31 December 1991, the company had annual commitments under non-cancellable operating leases as set out below:-

	Land and buildings	
	31 December 1991	30 June 1990
	£	£
Operating leases which expire:		
After five years	130,000	75,000

The leases of land and buildings are subject to rent reviews every 5 years, with the next review due in December 1996.

17. Capital commitments

The company has commitments for capital expenditure of £Nil (1990 - £230,000) authorised by the Board but not contracted for.

18. Pensions

The company operates a funded, defined benefits scheme and contributions are determined by the scheme actuary on the basis of triennial valuations.

The latest valuation as at 1 January 1991 showed that the calculated Regular Contribution Rate was 14.4% per annum. This figure was further adjusted by -1.5% per annum to take account of experience surpluses which are being amortized over 18 years, the average remaining service lifetime of employees. The method of amortizing the experience surplus has been to express it as a level percentage of projected salaries.

The actuarial method used in the valuation was the Attained Age method. The most significant assumptions were the valuation rate of interest of 8 1/2% per annum and salary growth of 7% per annum.

LONDON WALL INSURANCE SERVICES LIMITED

Notes forming part of the financial statements
for the period ended 31 December 1991 (Continued)

18. Pensions (Continued)

The notional value of the Deposit Administration Scheme account as at the valuation date was £237,300. The actuarial value of the Scheme's assets represented 145% of the benefits that had accrued to members, based on salaries projected to Normal Retirement Date or the date of earlier withdrawal.

At the valuation date, there was no deficiency on a current funding level basis.

LONDON WALL INSURANCE SERVICES LIMITED

Cash flow statement
for the period ended 31 December 1991

	18 months ended 31 December 1991		Year ended 30 June 1990	
	£	£	£	£
Net cash flow from operations		1,775,470		2,454,126
Servicing of finance				
Dividend paid		(900,000)		(400,000)
		875,470		2,054,126
Taxation				
Corporation tax paid		(818,110)		(366,712)
		57,360		1,687,414
Investing activities				
Sale of tangible fixed assets	53,040		49,967	
Purchase of tangible fixed assets	(453,363)		(332,616)	
		(400,323)		(282,649)
(Decrease)/increase in cash		(342,963)		1,404,765
Reconciliation of surplus to net cash inflow from operation activities				
		18 months ended 31 December 1991		Year ended 30 June 1991
		£		£
Operating surplus		1,075,911		1,738,454
Depreciation charges		334,400		201,678
Loss/(profit) on sale of tangible assets		6,822		(12,400)
Increase in debtors and prepayments		(113,043)		(364,523)
Increase in creditors and accruals		428,399		839,793
Increase in provision for unearned commission		42,981		51,124
Net cash inflow from operations		1,775,470		2,454,126
Analysis of changes in cash as shown in the balance sheet				
				Cash at bank and in hand £
At beginning of period				4,849,474
Net cash outflow				(342,963)
At end of period				4,506,511

The notes on pages 4 to 9 form part of these financial statements

LONDON WALL INSURANCE SERVICES LIMITED

Report of the auditors

To the members of London Wall Insurance Services Limited

We have audited the financial statements on pages 2 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 31 December 1991 and of its profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Stoy Hayward

Stoy Hayward
Chartered Accountants
and Registered Auditor
8 Baker Street
London W1M 1DA

Date *25 March 1992*