

CALVERT GLOVER & CO. LIMITED

DIRECTORS' REPORT AND

FINANCIAL STATEMENTS

31 MARCH 1996



CALVERT GLOVER & CO. LIMITED

Directors and advisers

Directors

A Calvert
R M Thompson
M Kellett
Mrs E A Dinsdale
J S Parker

Secretary

R M Thompson

Registered office

2-6 St. James' Market
Bradford
West Yorkshire
BD4 7PW

Auditors

Robertshaw & Myers
18 Cooke Street
Keighley
West Yorkshire
BD21 3NP

Solicitors

David Yablon and Co.
8 Duke Street
Bradford
West Yorkshire
BD1 3QR

Bankers

Lloyds Bank Plc
45 Hustlergate
Bradford
West Yorkshire
BD1 1NT

Company number

1692018

CALVERT GLOVER & CO. LIMITED

Directors' report

The directors present their report together with the financial statements for the year ended 31 March 1996.

Principal activity and business review

The principal activity of the company continues to be that of insurance brokers within the United Kingdom.

The directors are satisfied with the results for the year and are optimistic as to future prospects.

Results

	£
Profit on ordinary activities before taxation	10,217
Taxation	(4,718)
	<hr/>
Retained profit for the financial year	5,499
	<hr/>

Dividends

The directors do not recommend the payment of a final dividend.

Directors and directors' interests

The directors who held office during the year under review, and their interests in the share capital of the company, were as follows:

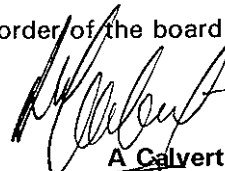
	<u>Ordinary shares of £1 each</u>	
	<u>Interest at</u>	<u>Interest at</u>
	<u>end of year</u>	<u>start of year</u>
A Calvert	11,250	11,250
R M Thompson	3,750	3,750
M Kellett	2,500	2,500
Mrs E A Dinsdale	-	-
J S Parker	-	-

Auditors

On 1 July 1996 our auditors changed the name under which they practise to Robertshaw & Myers and, accordingly, have signed their report in their new name. In accordance with the Companies Act 1985, a resolution for the re-appointment of Robertshaw & Myers as auditors of the company is to be proposed at the forthcoming annual general meeting.

2-6 St James' Market
Bradford
West Yorkshire
BD4 7PW
27 September 1996

By order of the board


A Calvert
Director

CALVERT GLOVER & CO. LIMITED

Statement of directors' responsibilities in respect of the preparation of the financial statements

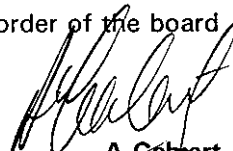
The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of each financial year and of the profit or loss of the company for the period to that date. In preparing those financial statements, the directors 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 confirm that the financial statements comply with the above requirements and that the company has maintained proper accounting records which disclose with reasonable accuracy at any time the financial position of the company which enables them to ensure that the financial statements comply with the requirements of the Companies Act 1985.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



A. Calvert
Director

27 September 1996

CALVERT GLOVER & CO. LIMITED

Auditors' report to the shareholders of Calvert Glover & Co. Limited

We have audited the financial statements on pages 5 to 15.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of 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

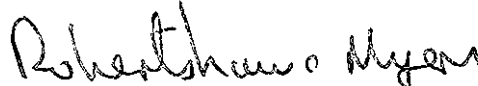
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 the 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 or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of 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 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

18 Cooke Street
Keighley
West Yorkshire
BD21 3NP
27 September 1996



Robertshaw & Myers

Chartered Accountants
Registered Auditors

CALVERT GLOVER & CO. LIMITED

Profit and loss account

for the year ended 31 March 1996

	<u>Note</u>	<u>1996</u>	<u>1995</u>
		£	£
Turnover - (continuing operations)	1	273,835	240,199
Administrative expenses- (continuing operations)		(271,953)	(238,740)
Profit from interests in associated undertaking - (continuing operations)	2	7,503	3,826
Operating profit			
Continuing operations		9,385	1,459
Acquisition		-	3,826
		9,385	5,285
Interest receivable	3	4,263	2,148
Profit on ordinary activities before interest payable		13,648	7,433
Interest payable and similar charges	4	(3,431)	(2,464)
Profit on ordinary activities before taxation	5	10,217	4,969
Taxation on profit on ordinary activities	6	(4,718)	(1,914)
Profit for the financial year		5,499	3,055
Retained profit brought forward		25,088	22,033
Retained profit carried forward		30,587	25,088

The above activities relate to continuing operations.

There are no recognised gains or losses other than those included in the profit and loss account.

CALVERT GLOVER & CO. LIMITED

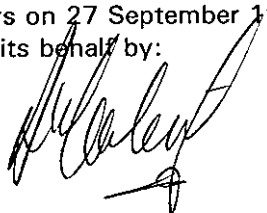
Balance sheet

at 31 March 1996

	Note	1996	1995
		£	£
Fixed assets			
Tangible assets	9	78,326	52,279
Investments	10	-	-
Current assets			
Debtors	11	375,188	442,873
Cash at bank and in hand		38,022	55,597
		<u>413,210</u>	<u>498,470</u>
Creditors: amounts falling due within one year	12	<u>(423,362)</u>	<u>(497,046)</u>
Net current (liabilities)/ assets		<u>(10,152)</u>	<u>1,424</u>
Total assets less current liabilities		<u>68,174</u>	<u>53,703</u>
Creditors: amounts falling due after more than one year	13	(16,087)	(8,415)
Provisions for liabilities and charges	14	(1,500)	(200)
Net assets		<u>50,587</u>	<u>45,088</u>
Capital and reserves			
Called up share capital	15	20,000	20,000
Profit and loss account		30,587	25,088
Equity shareholders' funds	16	<u>50,587</u>	<u>45,088</u>

These financial statements were approved by the board of directors on 27 September 1996 and were signed on its behalf by:

A Calvert - director



CALVERT GLOVER & CO. LIMITED

Cash flow statement

for the year ended 31 March 1996

	<u>Note</u>	<u>1996</u>	<u>1995</u>
		£	£
Net cash inflow from operating activities	17	3,307	39,327
Returns on investments and servicing of finance			
Interest received		4,263	2,148
Interest paid		(703)	(717)
Interest element of finance lease and hire purchase contracts		(2,728)	(1,747)
Net cash inflow/(outflow) from returns on investments and servicing of finance		832	(316)
Taxation			
UK corporation tax paid		(2,868)	(2,803)
Net cash inflow before investing activities		1,271	36,208
Investing activities			
Purchase of tangible fixed assets		(26,528)	(10,356)
Proceeds on sale of tangible fixed assets		19,100	5,100
Net cash outflow from investing activities		(7,428)	(5,256)
Net cash (outflow)/inflow before financing		(6,157)	30,952
Financing			
Capital element of finance lease and hire purchase contracts		(18,847)	(15,708)
(Decrease)/increase in cash and cash equivalents	18	(25,004)	15,244

Major non-cash transactions

During the year the company entered into hire purchase contracts in respect of a fixed assets with a capital value of £32,029 (1995: £12,500).

CALVERT GLOVER & CO. LIMITED

Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Associated undertakings

The investment in the associated undertaking is stated at the company's share of the fair value of the underlying net assets less provisions.

The company's share of the profits of the associated undertaking is included in the company's profit and loss account.

Depreciation

Depreciation is provided to write off the cost, less the estimated residual value, of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Office fixtures,
fittings &
equipment - 14% or 20% straight line basis

Motor vehicles - 25% straight line basis

Leased assets

Fixed assets subject to finance lease or hire purchase contracts are shown as fixed assets and depreciated in accordance with the accounting policy above. The capital amounts outstanding under such contracts are included under creditors due within one year and creditors due after more than one year for the immediate and longer term instalments respectively. The interest element is charged against profits over the period of the lease. The rental costs of all operating leases are charged against profits as incurred.

Deferred taxation

Deferred taxation is provided on the liability method to the extent that it is probable that a liability will crystallise in the foreseeable future.

Pensions

The company operates a number of defined contribution schemes. Contributions are charged against income as they become payable and are included in payroll costs.

Insurance debtors and creditors

Insurance debtors and creditors include amounts due from or to each party with whom the company settles in the normal course of business.

FRS 5 Reporting the Substance of Transactions precludes assets and liabilities being offset unless net settlement is legally enforceable. The application of this requirement to insurance brokers in connection with the offset of balances between insurers and insureds has been deferred until accounting periods ending on or after 22 September 1996. Accordingly FRS 5 Reporting the Substance of Transactions will not apply to the company until the year ending 31 March 1997.

Revenue and expense recognition

Turnover:

Turnover represents brokerage and fees which are credited to the profit and loss account when debit notes are issued, irrespective of the inception date or period of insurance, with the exception of life and pensions brokerage and other commissions which are credited when a contract has been completed.

Alterations in brokerage arising from returns and additional premiums and adjustments are taken into account as and when they occur.

Expenses:

Costs are written off as incurred.

CALVERT GLOVER & CO. LIMITED

Notes on the financial statements

	<u>1996</u>	<u>1995</u>
	£	£
1. Turnover		
Turnover and profit before taxation arise directly from the principal activity of the company and are generated in the United Kingdom in the ordinary course of business.		
Turnover represents brokerage, fees and commissions received and receivable in respect of insurance business and is analysed as follows:		
General insurance business	192,748	187,774
Life and pensions business	81,087	52,425
	<u>273,835</u>	<u>240,199</u>
2. Profit from interests in associated undertaking		
Company's share of:		
Income	79,503	46,826
Related expenses	72,000	43,000
	<u>7,503</u>	<u>3,826</u>
3. Interest receivable		
Bank interest	4,263	2,114
Other interest	-	34
	<u>4,263</u>	<u>2,148</u>
4. Interest payable and similar charges		
On overdraft	703	717
On finance lease and hire purchase contracts	2,728	1,747
	<u>3,431</u>	<u>2,464</u>

CALVERT GLOVER & CO. LIMITED

Notes on the financial statements (continued)

	<u>1996</u>	<u>1995</u>
	£	£
5. Profit on ordinary activities before taxation		
This is stated after charging/(crediting):		
Directors' emoluments including pension contributions	180,562	151,181
Depreciation of tangible fixed assets		
- owned assets	12,138	6,018
- assets held under finance lease and hire purchase contracts	12,152	14,459
Profit on sale of tangible fixed assets	(10,880)	(2,389)
Auditors' remuneration	5,000	4,200
Operating lease rentals - leasehold property	8,529	6,838

6. Taxation on profit on ordinary activities

Taxation charge at 25% (1995: 25%) based on the profit for the year:

UK corporation tax	1,100	1,514
Deferred taxation	750	(550)
Associated undertakings	1,900	950
Corporation tax underprovided in prior year	418	-
Deferred taxation underprovided in prior year	550	-
	<u>4,718</u>	<u>1,914</u>

The company is a "close company" within the meaning of the Income and Corporation Taxes Act 1988.

7. Directors' emoluments

Remuneration as executives, including pension contributions	180,562	151,181
-------------------------------------------------------------	---------	---------

Directors' emoluments, excluding pension contributions, were as follows:

Chairman and highest paid director	50,300	46,536
------------------------------------	--------	--------

All directors' emoluments, excluding pension contributions, fell within the following bands:

	<u>Number of directors</u>	
£ 0 - £ 5,000	1	1
£ 25,001 - £ 30,000	-	1
£ 30,001 - £ 35,000	1	2
£ 35,001 - £ 40,000	1	-
£ 40,001 - £ 45,000	1	-
£ 45,001 - £ 50,000	-	1
£ 50,001 - £ 55,000	1	-

CALVERT GLOVER & CO. LIMITED

Notes on the financial statements (continued)

	<u>1996</u>	<u>1995</u>
	£	£
8. Staff numbers and costs		
The average number of persons employed by the company during the year, including directors and analysed by category, was as follows:		
	<u>Number of employees</u>	
Management, broking and technical	6	6
Administration	4	4
	—	—
	10	10
	==	==

The aggregate payroll costs of these persons were as follows:

Wages and salaries	199,019	163,347
Social security costs	18,164	14,865
Other pension costs	22,012	12,050
	<u>239,195</u>	<u>190,262</u>

9. Tangible fixed assets

	<u>Office fixtures, fittings & equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£
Cost			
At start of year	28,447	70,503	98,950
Additions	18,291	40,266	58,557
Disposals	(6,580)	(33,126)	(39,706)
At end of year	40,158	77,643	117,801
Depreciation			
At start of year	19,417	27,254	46,671
Charge for the year	6,442	17,848	24,290
On disposals	(6,577)	(24,909)	(31,486)
At end of year	19,282	20,193	39,475
Net book amount			
At 31 March 1996	20,876	57,450	78,326
At 31 March 1995	9,030	43,249	52,279

CALVERT GLOVER & CO. LIMITED

Notes on the financial statements (continued)

9. Tangible fixed assets (continued)

Included in fixed assets are assets held under finance lease and hire purchase contracts with a net book amount of £65,024 (1995: £39,754).

There were no contracted capital commitments at 31 March 1996 (1995: nil).

	<u>1996</u>	<u>1995</u>
	£	£
10. Investments		
Investment in associated undertaking	-	-
	<u> </u>	<u> </u>

On 1 November 1994 the company acquired a 50% share in the Calvert Wood Partnership, a firm providing insurance broking services, for a nil consideration. The insurance broking services provided by the Calvert Wood Partnership are carried out as an appointed representative of Calvert Glover & Co. Limited.

11. Debtors

Insurance debtors	370,582	437,956
Prepayments and accrued income	4,606	4,917
	<u>375,188</u>	<u>442,873</u>

All the above fall due for payment within one year.

In 1995 debtors totalling £99,217 were described as trade debtors, these have now reclassified and included in insurance debtors to reflect the treatment for the current year.

12. Creditors: amounts falling due within one year

Bank overdraft	17,663	10,234
Insurance creditors	305,068	390,092
Corporation tax	3,000	2,450
Other taxes and social security costs	24,565	19,832
Obligations under finance lease and hire purchase contracts	18,592	13,082
Amount due to associated undertaking	8,567	24,986
Other creditors	32,975	24,113
Accruals and deferred income	12,932	12,257
	<u>423,362</u>	<u>497,046</u>

CALVERT GLOVER & CO. LIMITED

Notes on the financial statements (continued)

	<u>1996</u>	<u>1995</u>
	£	£
13. Creditors: amounts falling due after more than one year		
Obligations under finance lease and hire purchase contracts	<u>16,087</u>	<u>8,415</u>
Future commitments under finance lease and hire purchase contracts are due as follows:		
Within one year	21,333	14,887
In two to five years	<u>18,580</u>	<u>9,621</u>
	39,913	24,508
Less: finance charges allocated to future periods	<u>(5,234)</u>	<u>(3,011)</u>
	34,679	21,497
Falling due within one year (note 12)	<u>(18,592)</u>	<u>(13,082)</u>
Falling due after more than one year	<u>16,087</u>	<u>8,415</u>
The obligations under finance lease and hire purchase contracts are secured by charges over the assets acquired under the relevant agreements.		
14. Provisions for liabilities and charges		
The amount provided for deferred taxation at 24% (1995: 25%), representing the full potential liability, is as follows:		
Accelerated capital allowances	<u>1,500</u>	<u>200</u>
Movement on provision:		
At start of year	200	750
Profit and loss account	<u>1,300</u>	<u>(550)</u>
At end of year	<u>1,500</u>	<u>200</u>
15. Called up share capital		
Authorised		
20,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid		
20,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

CALVERT GLOVER & CO. LIMITED

Notes on the financial statements (continued)

	<u>1996</u>	<u>1995</u>
	£	£
16. Reconciliation of movements in shareholders' funds		
Profit for the year after taxation and net addition to shareholders' funds	5,499	3,055
Opening shareholders' funds	<u>45,088</u>	<u>42,033</u>
Closing shareholders' funds	<u>50,587</u>	<u>45,088</u>
 17. Reconciliation of operating profit to cash flow from operating activities		
Operating profit	9,385	5,285
Depreciation	24,290	20,477
Profit on sale of tangible fixed assets	(10,880)	(2,389)
Decrease/(increase) in debtors	67,685	(283,876)
(Decrease)/increase in creditors	<u>(87,173)</u>	<u>299,830</u>
	<u>3,307</u>	<u>39,327</u>
 18. Reconciliation of movements in cash and cash equivalents with balance sheet items		
At start of year	45,363	30,119
Net cash (outflow)/inflow	<u>(25,004)</u>	<u>15,244</u>
At end of year	<u>20,359</u>	<u>45,363</u>
 Cash in hand and at bank	38,022	55,597
Bank overdraft	<u>(17,663)</u>	<u>(10,234)</u>
	<u>20,359</u>	<u>45,363</u>

CALVERT GLOVER & CO. LIMITED

Notes on the financial statements (continued)

19. Directors' loan accounts

The following directors had overdrawn loan accounts during the course of the year:

	Balance at <u>1 April 1995</u>	Maximum liability during <u>the year</u>	Balance at <u>31 March 1996</u>
	£	£	£
A Calvert	-	384	-
M Kellett	-	518	-
Mrs E A Dinsdale	-	1,022	-
J S Parker	-	504	-
	<u>==</u>	<u>=====</u>	<u>==</u>

The above loans were interest free.

	<u>1996</u>	<u>1995</u>
	£	£
20. Operating lease commitments		
The company had annual commitments under operating leases as follows:		
Leasehold property		
On leases expiring:		
In two to five years	<u>9,780</u>	<u>9,700</u>

21. Pension obligations

The company operates a number of defined contribution schemes for some of its directors and employees. The assets of the schemes are held separately from those of the company, being invested with an insurance company. The pension charge for the year was £22,012 (1995: £12,050).

22. Contingent liabilities

The company is a partner in the Calvert Wood Partnership and, as such, has a joint and several liability for the debts of the partnership.

At 27 September 1996 the date of signing these accounts the directors are not aware of any potential liabilities.