

189 3407

BEAZLEY FURLONGE LIMITED
REPORTS AND FINANCIAL STATEMENTS

30 JUNE 1994



BEAZLEY FURLONGE LIMITED

DIRECTORS AND ADVISORS

Directors

Joseph D Sargent - chairman (appointed 15 December 1993)
Andrew F Beazley
Nicholas H Furlonge
George P Blunden (appointed 15 December 1993)
Jonathan G Gray (appointed 15 December 1993)
Neil P Maidment (appointed 15 December 1993)
Arthur R Manners (appointed 15 December 1993)
Johnny G S Rowell (appointed 15 December 1993)
Robert R Hiscox - chairman (resigned 15 December 1993)
Ian N Thomson (resigned 15 December 1993)
Alexander N Foster (resigned 15 December 1993)
Clifford R Catt (resigned 15 December 1993)

Secretary

Kevin J Ward (appointed 13 January 1994)
David Truby (resigned 13 January 1994)

Registered Office

18 London Street
London
EC3R 7JP

Registered Number: 1893407

Auditors

KPMG Peat Marwick
1 Puddle Dock
London
EC4V 3PD

Bankers

Lloyds Bank Plc
113-116 Leadenhall Street
London
EC3A 4AX

BEAZLEY FURLONGE LIMITED

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Beazley Furlonge Limited, will be held at 18 London Street, London EC3R 7JP, on Monday 7 November 1994 at 12.10 pm for the following purposes:

Ordinary Business

1. To receive, approve and adopt the financial statements of the company for the year ended 30 June 1994 together with the directors' and auditors' report thereon.
2. To propose a dividend.
3. To re-appoint KPMG Peat Marwick as auditors and to authorise the directors to fix their remuneration.
4. To transact any other ordinary business.

By order of the board


Secretary

7 November 1994

Notes:

A member entitled to attend and vote may appoint one or more proxies to attend and vote instead of him. The instrument of proxy must be in writing and specify whether the proxy is to vote for or against the specified resolutions except where such resolution is a motion for adjournment or for the appointment of a chairman.

A proxy need not also be a member.

BEAZLEY FURLONGE LIMITED

DIRECTORS REPORT

The directors present their report and the audited modified financial statements for the year ended 30 June 1994.

Change of name

The company changed its name on 24 December 1993 from Beazley Furlonge & Hiscox Limited to Beazley Furlonge Limited.

Business review and future developments

The principal activity of the company is that of Lloyd's underwriting agents.

The capacity of the managed syndicate, Syndicate 623, increased to £92.4 million for 1994. The 1991 underwriting account of the managed syndicate produced a marginal result and accordingly the directors decided to waive profit commission due.

Profit and appropriations

The results for the year are shown in the profit and loss account on page 6. The directors recommend payment of a dividend this year of 9.24 pence per share (1993 - £Nil) leaving a profit of £48,470 (1993 - £126,600) to be transferred to reserves.

Directors

The names of the directors at the date of this report are listed on page 1.

Fixed assets

Details of fixed assets are set out in note 7 to the modified financial statements.

Charitable donations

During the year the company made no charitable donations (1993 - £17,069).

BEAZLEY FURLONGE LIMITED

DIRECTORS REPORT (Continued)

Statement of directors' responsibilities

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 or loss of the company for that period. In preparing those financial statements, the directors are required to:

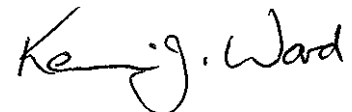
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 that 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointmtnmt of KPMG Peat Marwick as auditors to the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Secretary

18 London Street
London
EC3R 7JP

7 November 1994

BEAZLEY FURLONGE LIMITED

AUDITORS' REPORT TO THE MEMBERS OF BEAZLEY FURLONGE LIMITED

We have audited the financial statements on pages 6 to 15 in accordance with Auditing Standards.

Respective responsibilities of directors and auditors

As described on page 4 of the financial statements, 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 at 30 June 1994 and of its profit for the year then ended and have been properly prepared in accordance with the requirements of the Companies Act 1985 applicable to small companies.

7th November 1994

KPMG Peat Marwick

KPMG Peat Marwick
Chartered Accountants
Registered Auditors

London

BEAZLEY FURLONGE LIMITED

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1994

	<u>Note</u>	<u>1994</u> £	<u>1993</u> £
Turnover	2	424,683	398,557
Administrative expenses	3	(340,023)	(221,713)
Other operating income		-	-
		<hr/>	<hr/>
Operating Profit		84,660	176,844
Interest receivable		14,778	9,340
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	99,438	186,184
Taxation	5	(27,868)	(59,584)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		71,570	126,600
Dividends	6	(23,100)	-
		<hr/>	<hr/>
Retained profit for the year	11	£48,470	£126,600
		<hr/> <hr/>	<hr/> <hr/>

The company's turnover and expenses all relate to continuing operations. There were no recognised gains or losses during the period other than those passing through the profit and loss account. The notes on pages 10 to 15 form part of these modified financial statements.

RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS' FUNDS

	<u>1994</u> £	<u>1993</u> £
Profit for the financial year	71,570	126,600
Dividends	(23,100)	-
	<hr/>	<hr/>
	48,470	126,600
Opening shareholders funds	342,657	216,057
	<hr/>	<hr/>
Closing shareholders funds	£391,127	£342,657
	<hr/> <hr/>	<hr/> <hr/>

BEAZLEY FURLONGE LIMITED

BALANCE SHEET

30 JUNE 1994

	<u>Note</u>	<u>1994</u> £	<u>1993</u> £
Fixed assets			
Tangible assets	7	136,591	100,017
Current assets			
Debtors	8	237,445	262,409
Cash at bank		286,270	163,433
		<hr/>	<hr/>
		523,715	425,842
Creditors: amounts falling due within one year	9	269,179	183,202
		<hr/>	<hr/>
Net current assets		254,536	242,640
		<hr/>	<hr/>
Total assets less current liabilities		£391,127	£342,657
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	250,000	250,000
Profit and loss account	11	141,127	92,657
		<hr/>	<hr/>
		£391,127	£342,657
		<hr/>	<hr/>

Advantage is taken of the exemptions conferred by Part I of Schedule 8 to the Companies Act 1985. In the directors' opinion, the company is entitled to those exemptions having met the qualifications for a small company specified in sections 246 and 247 of the Companies Act 1985.

Approved by the board of directors on

7/11/94

A.F.B.
A.R.M.

Andrew F Beazley
Directors
Arthur R Manners

The notes on pages 10 to 15 form part of these modified financial statements.

BEAZLEY FURLONGE LIMITED

CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 1994

	<u>1994</u>	<u>1993</u>
£	£	£
Net Cash Inflow from Operating Activities	168,252	177,332
Returns on Investments and Servicing of Finance:		
Interest Paid (241)	(96)	
Interest Received 14,778	8,855	
Dividends Paid -	-	
	14,537	8,759
Taxation		
Corporation Tax Paid (31,313)	(30,574)	
Investing Activities		
Payments to acquire tangible fixed assets	(28,639)	(61,462)
Net Cash Inflow before financing Activities	£122,837	£94,055
Increase in Cash and Cash Equivalents	£122,837	£94,055

BEAZLEY FURLONGE LIMITED
CASH FLOW STATEMENT - NOTES

A. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	<u>1994</u> £	<u>1993</u> £
Operating Profit	84,660	176,844
Interest Paid	241	96
Depreciation Charges	45,418	88,956
Decrease/(Increase) in Debtors	24,964	(180,419)
Increase in Creditors	12,969	91,855
	<hr/>	<hr/>
	£168,252	£177,332
	<hr/>	<hr/>

B. Analysis of Changes in Cash and Cash Equivalents during the year

	<u>1994</u> £	<u>1993</u> £
Balance at 1 July 1993	163,433	69,378
Net Cash Inflow	122,837	94,055
	<hr/>	<hr/>
Balance at 30 June 1994	£286,270	£163,433
	<hr/>	<hr/>

BEAZLEY FURLONGE LIMITED

NOTES TO THE MODIFIED FINANCIAL STATEMENTS

1. Accounting policies

Basis of accounting

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

Turnover

Turnover represents salaries and profit commission derived from underwriting Names at Lloyd's.

Agency salaries represent net retained salaries in respect of one half of the 1993 underwriting account (1993 - 1992 underwriting account) and one half of the 1994 underwriting account (1993 - 1993 underwriting account).

Profit commission due in respect of the 1991 underwriting account was waived by the directors. Any profit commission relating to the 1992, 1993 and 1994 underwriting account will be credited in the company's financial statements for 1995, 1996 and 1997 respectively.

Operating leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

Depreciation

Depreciation of tangible fixed assets is calculated by reference to cost at rates estimated to write off the relevant assets over their expected useful lives, taking into account normal commercial and technical obsolescence.

The annual rates used are:

Computer equipment	33 $\frac{1}{3}$ % on cost
Furniture and equipment	20% on cost
Motor vehicles	25% on cost
Leasehold buildings	Over period of lease

Deferred Taxation

Deferred taxation is accounted for on all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

BEAZLEY FURLONGE LIMITED

NOTES TO THE MODIFIED FINANCIAL STATEMENTS (continued)

2. Turnover and profit

	<u>1994</u>	<u>1993</u>
	£	£
Underwriting agency salaries	424,683	290,607
Underwriting profit commission	-	107,950
	<hr/>	<hr/>
	£424,683	£398,557
	<hr/>	<hr/>

Turnover and profit before taxation arise in the United Kingdom, mainly from business underwritten at Lloyd's on behalf of Names resident in the United Kingdom and overseas.

3. Profit on ordinary activities before taxation

	<u>1994</u>	<u>1993</u>
	£	£
Profit on ordinary activities before taxation is stated after charging and crediting the following:-		
Depreciation	45,418	88,956
Auditors' remuneration - audit	5,500	3,850
- other	4,700	4,230
Staff costs	1,434,636	994,658
Rental payments under operating leases		
- buildings	42,155	10,286
- motor vehicles	72,746	1,192
	<hr/>	<hr/>
	1,605,155	1,103,172
Other costs	2,000,705	2,064,284
Recharged to managed syndicate	(3,265,837)	(2,945,743)
	<hr/>	<hr/>
	£340,023	£221,713
	<hr/>	<hr/>

BEAZLEY FURLONGE LIMITED

NOTES TO THE MODIFIED FINANCIAL STATEMENTS (continued)

4. Directors and employees

	<u>1994</u>	<u>1993</u>
	£	£
Staff costs including directors' emoluments		
Salaries	1,138,100	816,135
Social security	120,410	84,531
Pension costs	176,126	93,992
	<hr/>	<hr/>
	£1,434,636	£994,658
	<hr/>	<hr/>
Total directors' emoluments	£779,636	£307,499
	<hr/>	<hr/>
	Number	Number
Average number employed including executive directors	27	22
	<hr/>	<hr/>

5. Taxation

	<u>1994</u>	<u>1993</u>
	£	£
UK Corporation tax on:		
Profit on ordinary activities		
at 33% (1993 33%)	30,000	79,313
Adjustment in respect of prior year	(2,132)	(19,729)
	<hr/>	<hr/>
	£27,868	£59,584
	<hr/>	<hr/>

Provision for deferred taxation has not been made as it is considered immaterial.

6. Dividend

	<u>1994</u>	<u>1993</u>
	£	£
Shares of £1 each		
Final dividend - 9.24p per share	£23,100	£-
	<hr/>	<hr/>

BEAZLEY FURLONGE LIMITED

NOTES TO THE MODIFIED FINANCIAL STATEMENTS (continued)

7. Tangible fixed assets

	Short <u>Leaseholds</u> £	Furniture motor vehicles & equipment £	<u>Total</u> £
Cost			
30 June 1993	7,044	175,491	182,535
Additions	32,168	49,825	81,993
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
30 June 1994	£39,212	£225,316	£264,528
	<hr/>	<hr/>	<hr/>
Depreciation			
30 June 1993	7,044	75,475	82,519
Charge for the year	5,849	39,569	45,418
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
30 June 1994	£12,893	£115,044	£127,937
	<hr/>	<hr/>	<hr/>
Net book amount			
30 June 1993	£-	£100,017	£100,017
	<hr/>	<hr/>	<hr/>
30 June 1994	£26,319	£110,272	£136,591
	<hr/>	<hr/>	<hr/>

8. Debtors

	<u>1994</u> £	<u>1993</u> £
Amounts due from group companies	94,593	73,316
Other debtors	134,681	157,708
Prepayments and accrued income	8,171	31,385
	<hr/>	<hr/>
	£237,445	£262,409
	<hr/>	<hr/>

BEAZLEY FURLONGE LIMITED

NOTES TO THE MODIFIED FINANCIAL STATEMENTS (continued)

9. Creditors: Amounts falling due within one year

	<u>1994</u>	<u>1993</u>
	£	£
Trade creditors	-	9,058
Amounts owed to group companies	-	8,254
Corporation tax	65,931	69,376
Other creditors and social security	78,032	1,805
Accruals and deferred income	102,116	94,709
Proposed dividend	23,100	-
	<hr/>	<hr/>
	£269,179	£183,202
	<hr/>	<hr/>

10. Share capital

	<u>1994</u>		<u>1993</u>	
	<u>Number of shares</u>	£	<u>Number of shares</u>	£
Authorised ordinary shares of £1 each	250,000	£250,000	250,000	£250,000
	<hr/>	<hr/>	<hr/>	<hr/>
Allotted called up and fully paid ordinary shares of £1 each	250,000	£250,000	250,000	£250,000
	<hr/>	<hr/>	<hr/>	<hr/>

11. Profit and loss account

	<u>1994</u>	<u>1993</u>
	£	£
At 1 July 1993	92,657	41,057
Capitalisation of reserves on bonus issue	-	(75,000)
Retained profit for the year	48,470	126,600
	<hr/>	<hr/>
At 30 June 1994	£141,127	£92,657
	<hr/>	<hr/>

BEAZLEY FURLONGE LIMITED

NOTES TO THE MODIFIED FINANCIAL STATEMENTS (continued)

12. Pension commitments

The company operates a non-contributory final salary scheme for its employees. The scheme's funds are administered by the trustees and are independent of the company's finances. Payments made to the scheme are calculated with actuarial advice and represent a proper charge to cover payment of liabilities arising under the scheme. The adequacy of the pension fund is assessed by triennial valuations carried out by independent actuaries.

The pension cost charge amounting £176,126 (1993 - £93,992), representing contributions payable by the company, was recharged in the appropriate proportion to the managed syndicate. There were no outstanding contributions at 30 June 1994.

13. Ultimate holding company

The ultimate holding company is Beazley Furlonge Holdings Limited, a company incorporated in England. The group financial statements can be obtained from the Registered Office address given on page 1 of these accounts.

14. Contingent liabilities and financial commitments

At 30 June 1994, there were no contingent liabilities (1993 - £120,000 in respect of counter-guarantees given to the bank in support of the membership of Lloyd's of certain members of staff).

At 30 June 1994, the company was committed to make rental payments amounting in aggregate to £55,725, in respect of the remaining 9 month period of its leasehold tenancies (1993 - £107,576 for the remaining 21 month period of its leasehold tenancy).