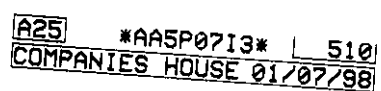


INVESTMENT DISCOUNTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 1997



INVESTMENT DISCOUNTS LIMITED

COMPANY INFORMATION

DIRECTORS :	E.J. Hudson R.J. Patterson Mrs. B.L. Selby
SECRETARY :	Mrs. B.L. Selby
COMPANY NUMBER :	1916098
REGISTERED OFFICE :	Miller House 2, Church Road Bebington Wirral Merseyside L63 7PH
REPORTING ACCOUNTANTS :	Simon Hall & Associates Cartrefle Waen Flint Flintshire CH6 5QR
BANKERS :	Midland Bank plc 58, Bromborough Road Bromborough Wirral Merseyside L62 7ET

INVESTMENT DISCOUNTS LIMITED

Contents

	Page
Accountants' Report	1
Directors' Report	2
Balance Sheet	3
Profit & Loss Account	4
Notes to the Financial Statements	5 - 8

INVESTMENT DISCOUNTS LIMITED

ACCOUNTANTS REPORT TO THE SHAREHOLDERS ON THE UNAUDITED ACCOUNTS OF
INVESTMENT DISCOUNTS LIMITED

We report on the accounts for the year ended 30th September 1997 set out on pages 3 to 8.

Respective Responsibilities of Directors and Reporting Accountants

As described on page 2 the Company's Directors are responsible for the preparation of financial statements, and they consider that the Company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

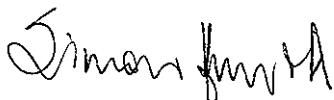
Basis of Opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the Company, and making such enquiries of the officers of the Company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion

- (a) the accounts are in agreement with the accounting records kept by the Company under section 221 of the Companies Act 1985, as amended.
- (b) having regard only to, and on the basis of, the information contained in those accounting records:-
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - (ii) the Company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to exemption specified in section 249B(1).



Simon Hall & Associates
Reporting Accountants
Cartrefle
Waen
Flint
Flintshire
CH6 5QR

Date 7 May 1998

INVESTMENT DISCOUNTS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30th SEPTEMBER 1997

The Directors present their report and the financial statements for the year ended 30th September 1997.

Principal Activity

The Company's principal activity is that of insurance consultants.

Directors and their Interests

The Directors who served during the year and their interests in the Company are as stated below:

	Class of Shares	Number of Shares	
		1997	1996
E.J. Hudson	Ordinary Shares	400	400
R.J. Patterson	Ordinary Shares	150	150
Mrs. B.L. Selby	Ordinary Shares	50	50

Directors Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which gives a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that year. In preparing these the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements based on the going concern basis on the understanding 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 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report which has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, was approved by the Board and signed on its behalf by:

.....
E.J. Hudson
Director

7/5/98
.....
Date

INVESTMENT DISCOUNTS LIMITED

BALANCE SHEET AS AT 30th SEPTEMBER 1997

		1997		1996	
	NOTE	£	£	£	£
Fixed Assets					
Tangible Assets	7		28,358		31,442
Current Assets					
Stock		200		350	
Debtors	8	43,848		52,232	
Cash at Bank and in Hand		27,522		7,019	
		<u>71,570</u>		<u>59,601</u>	
Creditors: Amounts falling due within one year	9	(117,583)		(131,886)	
Net Current Liabilities			<u>(46,013)</u>		<u>(72,285)</u>
Total Assets less Current Liabilities			(17,655)		(40,843)
Creditors: Amounts falling due after more than one year	10		(2,139)		(2,244)
Net Liabilities			(19,794)		(43,087)
			=====		=====
Capital and Reserves					
Called up Share Capital	11		1,000		1,000
Profit and Loss Account	12		<u>(20,794)</u>		<u>(44,087)</u>
Equity Shareholders' Funds			(19,794)		(43,087)
			=====		=====

The Director's Statements required by the Companies Acts are shown on the following page which forms part of this Balance Sheet.

The notes on pages 5 to 8 form an integral part of these financial statements.

INVESTMENT DISCOUNTS LIMITED

DIRECTORS' STATEMENTS REQUIRED BY THE COMPANIES ACT 1985
FOR THE YEAR ENDED 30th SEPTEMBER 1997

In approving the financial statements as Directors of the Company we hereby confirm:-

- (a) that for the year stated above the Company was entitled to the exemption conferred by Section 249A(2) of the Companies Act 1985;
- (b) that no notice has been deposited at the registered office of the Company pursuant to Section 249B(2) requesting that an audit be conducted for the year ended 30th September 1997 and
- (c) that we acknowledge our responsibilities for:
 - (1) ensuring that the Company keeps accounting records which comply with Section 221, and
 - (2) preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the year then ended and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the Company.

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the Board and signed on its behalf.

.....

E.J. Hudson
Director

..... 7/5/98

The notes on page 6 to 8 form an integral part of these financial statements.

INVESTMENT DISCOUNTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th SEPTEMBER 1997

	NOTE	1997 £	1996 £
Turnover	2	211,493	256,208
Administrative expenses		<u>(184,203)</u>	<u>(259,025)</u>
Operating Profit (Loss)	3	27,290	(2,817)
Interest Receivable and similar income		358	17
Interest Payable and similar charges	4	<u>(442)</u>	<u>(2,754)</u>
Profit (Loss) on ordinary activities before taxation		27,206	(5,554)
Tax on ordinary activities	6	<u>(3,913)</u>	<u>626</u>
Retained Profit (Loss) for the year		23,293	(4,928)
Retained (Loss) brought forward		<u>(44,087)</u>	<u>(39,159)</u>
Retained (Loss) carried forward		(20,794)	(44,087)
		=====	=====

The notes on pages 6 to 8 form an integral part of these financial statements.

INVESTMENT DISCOUNTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 1997

1 ACCOUNTING POLICIES

1.1 Accounting Convention

The financial statements are prepared under the historical cost convention and include the results of the Company's operations which are described in the Directors' Report and all of which are continuing. The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover comprises the invoiced value of services supplied by the Company and includes income accrued in respect of commissions receivable on business transacted.

1.3 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:-

Computer equipment and software	-	25% Reducing balance
Fixtures, fittings and equipment	-	10% Reducing balance
Motor Vehicles	-	25% Reducing balance

1.4 Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the Directors consider that a liability is unlikely to materialize.

1.7 Going concern

These Accounts have been prepared on the basis that the Company will continue to trade despite liabilities exceeding assets. This subject is referred to in note 14 on page 8 of the financial statements.

2 **TURNOVER**

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the UK.

3	OPERATING PROFIT (LOSS)	1997	1996
		£	£
	Operating profit (loss) is stated after charging		
	Depreciation of tangible fixed assets		
	- owned by the Company	6,931	5,942
	- held under finance leases	-	1,568
	Operating lease rentals		
	- hire of plant and machinery	3,506	8,363
	- other	7,102	7,835
	Auditors' remuneration	-	-
	Losses on disposal of fixed assets	-	5,226
	and after crediting:		
	Proceeds from sale of book of clients	-	(7,500)
		=====	=====
4	INTEREST PAYABLE AND SIMILAR CHARGES	1997	1996
		£	£
	Bank Interest	11	-
	Hire Purchase Interest	431	2,754
		<hr/>	<hr/>
		442	2,754
		=====	=====
5	DIRECTORS' EMOLUMENTS	1997	1996
		£	£
	Directors' Remuneration	38,200	38,200
	Directors' Benefits	6,010	7,719
	Pension Scheme Contributions	2,388	2,194
		<hr/>	<hr/>
		46,598	48,113
		=====	=====
6	TAXATION	1997	1996
		£	£
	UK Corporation Tax at 23.5% (1996 24.5%)	4,018	-
	Taxation from earlier years at 25%	-	(423)
	Transfer to deferred taxation	(105)	(203)
		<hr/>	<hr/>
		3,913	(626)
		=====	=====

7 TANGIBLE ASSETS

	Motor Vehicles	Office Equipment	Computers & Software	Total
	£	£	£	£
Cost				
At 1st October 1996	8,727	21,432	31,058	61,217
Additions	-	-	3,847	3,847
	<u>8,727</u>	<u>21,432</u>	<u>34,905</u>	<u>65,064</u>
At 30th September 1997	8,727	21,432	34,905	65,064
	=====	=====	=====	=====
Depreciation				
At 1st October 1996	4,023	8,833	16,919	29,775
Charge for the year	1,176	1,259	4,496	6,931
	<u>5,199</u>	<u>10,092</u>	<u>21,415</u>	<u>36,706</u>
At 30th September 1997	5,199	10,092	21,415	36,706
	=====	=====	=====	=====
Net Book Values				
At 30th September 1997	3,528	11,340	13,490	28,358
	=====	=====	=====	=====
At 30th September 1996	4,704	12,599	14,139	31,442
	=====	=====	=====	=====

8 DEBTORS

	1997 £	1996 £
Trade Debtors	27,965	35,860
Other Debtors (see note 13)	3,428	3,428
Prepayments and Accrued Income	12,455	12,944
	<u>43,848</u>	<u>52,232</u>
	=====	=====

9 CREDITORS:
Amounts falling due within one year

	1997 £	1996 £
Trade Creditors	84,017	75,589
Other Creditors	10,405	23,233
Accruals and Deferred Income	1,165	6,449
Directors Loan Account	17,978	24,063
Net obligations under finance lease and hire purchase contracts	-	2,552
Corporation Tax	4,018	-
	<u>117,583</u>	<u>131,886</u>
	=====	=====

Included in other creditors is an amount of £5,810 (1996 £12,740) relating to other taxes and Social Security.

10	CREDITORS:	1997	1996
	Amounts falling due after more than one year	£	£
	Net obligations under finance leases and hire purchase contracts	-	-
	Deferred Taxation	2,139	2,244
		=====	=====
11	SHARE CAPITAL	1997	1996
	Authorized equity	£	£
	1000 Ordinary Shares of £1 each	1,000	1,000
		=====	=====
	Allotted, called up and fully paid equity		
	1000 Ordinary Shares of £1 each	1,000	1,000
		=====	=====
12	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1997	1996
		£	£
	Profit (Loss) for the year	23,293	(4,928)
	Opening Shareholders' Funds	(43,087)	(38,159)
		-----	-----
		(19,794)	(43,087)
		=====	=====

13	TRANSACTIONS WITH DIRECTORS	Amount Outstanding		Maximum
		1997	1996	in year
		£	£	£
	R.J. Patterson	3,428	3,428	3,428
		=====	=====	=====

14 NET LIABILITIES

At 30th September 1997 the liabilities of the Company exceeded the assets by £19,794 (1996 £43,087). During the year ended on that date the Company introduced a programme of staff and overhead reductions which led to an improvement in the Company's financial situation. The Directors are confident that the continued improvement will lead to a position of solvency in the Company's affairs.

15 OTHER COMMITMENTS

At 30th September 1997 the Company had annual commitments under enforceable operating leases as follows:-

	Land and Buildings		Other	
	1997	1996	1997	1996
	£	£	£	£
Expiry date:				
Within one year	-	-	-	-
Between two and five years	8,225	8,225	7,919	7,915