

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**



**NEVILLE RUSSELL
Chartered Accountants
24 Bevis Marks
LONDON EC3A 7NR**

T L CLOWES (WARWICK) LIMITED

DIRECTORS:

T L Clowes
R Hodson
K L Watson
C E G Cozens
P Dudley
P Harris

SECRETARY:

J W Allen

REGISTERED OFFICE:

52 Lime Street
LONDON EC3M 7BS

AUDITORS:

Neville Russell
24 Bevis Marks
LONDON EC3A 7NR

INDEX

Page

Report of the Directors

1 - 2

Report of the Auditors

3

Profit and Loss Account

4

Balance Sheet

5

Notes to the Financial Statements

6 - 13

REPORT OF THE DIRECTORS

The directors present their report and the financial statements of the company for the year ended 31 March 1996.

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 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; and
- 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 maintaining 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.

REVIEW OF THE BUSINESS

The principal activity of the company continues to be that of an insurance broker, registered with the Insurance Brokers Registration Council.

The company has had another successful year, consolidating on its growth in 1995. Turnover has increased by 26% to £1,111,319, primarily due to an expansion of its client base.

The directors are confident that there will be further improvements in the next twelve months.

FUTURE DEVELOPMENTS

The directors believe that the company is well placed to take advantage of the opportunities in the market.

RESULTS AND DIVIDENDS

The results of the company for the year ended 31 March 1996 are set out in the attached financial statements.

The directors paid a dividend during the year of £Nil (1995 - £43,500).

Retained profits of £63,133 (1995 - £40,384) have been transferred to reserves.

REPORT OF THE DIRECTORS (Continued)

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 April 1995 to the date of this report unless otherwise stated.

Messrs T L Clowes, C E G Cozens, Mrs K L Watson and P Dudley are also directors of the holding company, T L Clowes and Company Limited, and their interests are disclosed in the financial statements of that company.

T L Clowes
R Hodson
K L Watson
C E G Cozens
P Dudley
P Harris

None of the other directors had any beneficial interest in the share capital of the company.

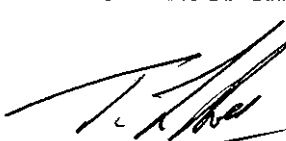
FIXED ASSETS

Details of changes in fixed assets are given in Notes 9 and 10 to the financial statements.

AUDITORS

The auditors, Neville Russell, have signified their willingness to continue in office and a resolution proposing their re-appointment and to authorise the directors to fix their remuneration will be put to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



Director

52 Lime Street
LONDON EC3M 7BS

8th July 1996

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF

T L CLOWES (WARWICK) LIMITED

We report on the financial statements on pages 4 to 13 which have been prepared following the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 1 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 judgments 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.



CHARTERED ACCOUNTANTS
and Registered Auditors

London

8th July 1996

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 1996

	Notes	1996 £	1995 £
TURNOVER	2	1,111,319	876,252
Administrative expenses	4-6	(1,068,006)	(850,425)
OPERATING PROFIT		43,313	25,827
Income from fixed asset investments	3	-	43,500
Other interest receivable and similar income		48,795	32,357
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		92,108	101,684
Taxation on profit on ordinary activities	7	(28,975)	(17,800)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		63,133	83,884
Dividends paid	8	-	(43,500)
RETAINED PROFIT FOR THE YEAR	16	£63,133	£40,384

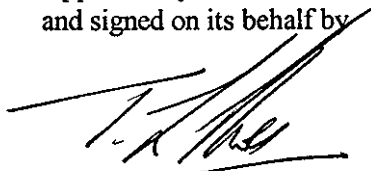
The company's turnover and expenses all relate to continuing operations.

The company has no recognised gains or losses other than the profit for the year which has been calculated on the historical cost basis.

BALANCE SHEET as at 31 March 1996

	Notes	£	1996 £	£	1995 £
FIXED ASSETS					
Tangible assets	9	89,615		79,487	
Investments	10	2,900		2,900	
			92,515		82,387
CURRENT ASSETS					
Debtors	11	1,235,912		819,772	
Cash at bank and in hand	12	707,614		854,631	
			1,943,526		1,674,403
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(1,751,379)		(1,535,261)	
NET CURRENT ASSETS			192,147		139,142
TOTAL ASSETS LESS CURRENT LIABILITIES			£284,662		£221,529
CAPITAL AND RESERVES					
Called up share capital	14		50,000		50,000
Profit and loss account	15		234,662		171,529
SHAREHOLDERS' FUNDS	15		£284,662		£221,529

Approved by the board of directors on 8th July 1996
and signed on its behalf by



P. Dudley, Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1996

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

a. **Basis of accounting**

The financial statements have been prepared under the historical cost convention.

b. **Turnover**

Turnover represents brokerage which is taken to credit on the inception date of the policy.

Alteration to broking income arising from premium adjustments are taken into account as and when such adjustments are made.

c. **Depreciation**

Depreciation is calculated to write off the cost less estimated residual value of fixed assets on a straight line basis over their estimated useful lives.

Office furniture and equipment	- 25% on cost
Motor vehicles	- 25% on cost
Leasehold improvement	- 25% on cost

d. **Fixed asset investments**

Fixed asset investments are valued at the lower of cost and net realisable value.

e. **Deferred taxation**

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability will crystallise in the foreseeable future, at the rate of tax expected to apply when the timing differences reverse.

f. **Operating lease**

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

g. **Pension costs**

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 1996 (Continued)

1. ACCOUNTING POLICIES (continued)

h. Insurance debtors and creditors

In the normal course of business, settlement is required to be made with certain markets, market settlement bureaux or insurance intermediaries on the basis of the net settlement due to or from the market, bureaux or intermediary in question rather than the amounts due to or from individual parties which it represents.

Insurance debtors and creditors reflect this basis of settlement.

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 to accounting periods ending on or after 22 September 1996. The effect of this has not been quantified.

2. TURNOVER

	1996 £	1995 £
The turnover is attributable to:		
Insurance brokerage	£1,111,319	£876,252
	<u> </u>	<u> </u>
The whole of the turnover is attributable to the UK market.		

3. INCOME FROM FIXED ASSET INVESTMENTS

	1996 £	1995 £
Unlisted	£Nil	£43,500
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 1996 (Continued)

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996 £	1995 £
The profit on ordinary activities before taxation is stated after charging:		
Depreciation:		
- owned tangible fixed assets	31,004	23,543
Auditors' remuneration:		
- audit fee	5,275	5,875
- fees for non-audit services	600	600
Hire of assets - operating leases	36,056	39,165
	<u> </u>	<u> </u>

5. STAFF COSTS

	1996 £	1995 £
Staff costs, including directors' emoluments:		
Wages and salaries	629,898	472,677
Social security costs	61,023	49,008
Other pension costs	29,479	26,960
	<u> </u>	<u> </u>
	£720,400	£548,645
	<u> </u>	<u> </u>

The average number of persons (including directors) employed by the company during the year was 27 (1995 - 24).

	1996 Number	1995 Number
Administration	8	8
Brokers	19	16
	—	—
	27	24
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 1996 (Continued)

6. DIRECTORS' REMUNERATION

	1996 £	1995 £
Fees	100,000	81,000
Other emoluments (including pension contributions and excluding social security costs)	219,756	185,522
	<hr/>	<hr/>
Total emoluments	£319,756	£266,522
	<hr/>	<hr/>

The emoluments of directors disclosed above
(excluding pension contributions) included amounts paid to:

The chairman	£75,000	£57,500
	<hr/>	<hr/>
The highest paid director	£98,358	£82,013
	<hr/>	<hr/>

The number of other directors who received emoluments
(excluding pensions and pensions contributions)
in the following ranges were:

	Number	Number
£0 - £ 5,000	1	1
£15,001 - £20,000	1	1
£45,001 - £50,000	1	1
£50,001 - £55,000	1	1
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 1996 (Continued)

7. TAXATION

	1996 £	1995 £
Based on the profit for the year:		
Corporation tax at 33% (1995 - 25%)	30,000	17,800
Underprovision in respect of previous years	(1,025)	-
Deferred taxation	-	-
	<hr/>	<hr/>
	£28,975	£17,800
	<hr/>	<hr/>

8. DIVIDEND

	1996	1995
Dividends paid	£Nil	£43,500
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No dividend was proposed or paid in respect of year ended 31 March 1996.

9. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Office Furniture and equipment £	Motor vehicles £	Total £
COST				
At 1 April 1995	6,687	66,130	82,665	155,482
Additions	16,840	26,354	27,936	71,130
Disposals	(6,687)	(51,189)	(50,228)	(108,104)
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At 31 March 1996	16,840	41,295	60,373	118,508
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At 1 April 1995	6,687	54,661	14,647	75,995
Charge for the year	3,779	6,555	20,670	31,004
Disposals	(6,687)	(51,189)	(20,230)	(78,106)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1996	3,779	10,027	15,087	28,893
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NET BOOK VALUE				
At 31 March 1996	£13,061	£31,268	£45,286	£89,615
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1995	£Nil	£11,469	£68,018	£79,487
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of motor vehicles of £45,286 (1995 : £68,018) includes an amount of £Nil (1995: £Nil) in respect of assets held under finance leases and hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 1996 (Continued)

10. FIXED ASSET INVESTMENT - GROUP UNDERTAKINGS

	1996 £	1995 £
Cost	2,900	2,900

This represents a 58% share holding in T L Clowes Financial Services Limited.

11. DEBTORS

	1996 £	1995 £
DUE WITHIN ONE YEAR		
Amounts due from clients and insurers	1,161,912	819,772
Other debtors	74,000	-
	<u>£1,235,912</u>	<u>£819,772</u>

12. CASH AT BANK AND IN HAND

	1996 £	1995 £
Insurance broking accounts	707,464	804,893
Other cash at bank and in hand	150	49,738
	<u>£707,614</u>	<u>£854,631</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Bank loans and overdraft	23,259	-
Amounts owed to client and insurers	1,540,556	1,351,721
Amounts due to group undertakings	84,498	92,355
Corporation tax	30,000	17,825
Other taxes and social security	3,229	-
Other creditors	25,736	-
Accruals	44,101	73,360
	<u>£1,751,379</u>	<u>£1,535,261</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 1996 (Continued)

14. SHARE CAPITAL

	1996	Authorised 1995	Allotted, issued and fully paid	
	£	£	1996	1995
			£	£
Ordinary shares of £1 each	£100,000	£100,000	£50,000	£50,000

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 1 April 1994	50,000	131,145	181,145
Profit for the year	-	83,884	83,884
Dividends paid	-	(43,500)	(43,500)
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Balance at 31 March 1995	50,000	171,529	221,529
Profit for the year	-	63,133	63,133
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Balance at 31 March 1996	£50,000	£234,662	£284,662

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 1996 (Continued)

16. OTHER FINANCIAL COMMITMENTS

At 31 March 1996 the company was committed to making the following payments under operating leases in the year to 31 March 1997.

	1996		1995	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating leases which expire:				
Within 1 year	-	1,649	-	-
Between 2 and 5 years	32,356	22,219	32,356	32,912
	<u>32,356</u>	<u>22,219</u>	<u>32,356</u>	<u>32,912</u>
	<u>£32,356</u>	<u>£23,868</u>	<u>£32,356</u>	<u>£32,912</u>

17. ULTIMATE PARENT COMPANY

The ultimate parent company is T L Clowes and Company Limited which is registered in England and Wales.

18. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £29,479 (1995 - £26,960).

19. CAPITAL COMMITMENTS

	1996 £	1995 £
Capital expenditure authorised by the directors but not yet contracted for	<u>£Nil</u>	<u>£20,000</u>