

2040193

Reports & Financial Statements

For the year ended 31 December 1999

**Stafford Knight Holdings Limited
and subsidiaries**



STAFFORD KNIGHT HOLDINGS LIMITED AND SUBSIDIARIES

DIRECTORS:

**R V C Robins
J Dunford
D N Howe
P J Michau**

SECRETARY:

M T Cass

REGISTERED OFFICE:

**4/5 London Wall Buildings
LONDON EC2M 5NR**

REGISTERED NUMBER:

2040193

AUDITORS:

**Mazars Neville Russell
24 Bevis Marks
LONDON EC3A 7NR**

STAFFORD KNIGHT HOLDINGS LIMITED AND SUBSIDIARIES

INDEX	Page
Directors' Report	1 - 2
Auditors' Report	3
Consolidated Profit and Loss Account	4 - 5
Consolidated Balance Sheet	6
Company Balance Sheet	7
Cash Flow Statement and Notes	8 - 10
Notes to the Financial Statements	11 - 22

DIRECTORS' REPORT

The directors present their report together with the audited financial statements for the year ended 31 December 1999, which show the state of affairs of the company and the group.

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; 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 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.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The company acts as a management holding company and the principal activities of the subsidiaries are the provision of insurance broking services.

The group has shown a moderate increase in business throughout the year and the directors look forward to continuing growth and return to profitability in the future.

RESULTS

The group made a loss after tax of £120,458 for the year (1998: loss £103,393).

DIVIDEND

The directors do not recommend the payment of a dividend and the loss for the year has been taken to reserves.

DIRECTORS' REPORT (continued)**DIRECTORS**

The directors who served during the year and their interests in the shares of the company were as follows:-

	Number of £1 ordinary shares 31 December 1999	Number of £1 ordinary shares 31 December 1998
R V C Robins	185	185
J Dunford	250	250
D N Howe	62	62
P J Michau	-	-
C I Calder (Resigned 17 November 1999)	-	-

FIXED ASSETS

The additions to tangible fixed assets are shown in notes 11 to the financial statements.

YEAR 2000

The company does not expect to incur any further material costs in relation to year 2000 compliance. The company is aware of this issue and has undertaken relevant steps to eliminate the problem within its internal operations. The company remains vigilant and will take all practical steps to mitigate the effect of any future exposure to this problem.

DONATIONS

During the year, the group made donations for charitable purposes amounting to £660 (1998: £1,225).

AUDITORS

A resolution to re-appoint Mazars Neville Russell as auditors will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



Secretary 18 MAY 2000

4/5 London Wall Buildings
LONDON EC2M 5NR

AUDITORS' REPORT TO THE SHAREHOLDERS OF

STAFFORD KNIGHT HOLDINGS LIMITED

We have audited the financial statements on pages 4 to 22 which have been prepared following the accounting policies set out on pages 11 to 12.

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 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.

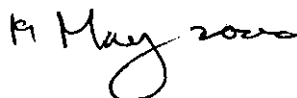
Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1999 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CHARTERED ACCOUNTANTS
and Registered Auditors

24 Bevis Marks
LONDON EC3A 7NR



CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1999

	Notes	Continuing activities 1999 £	Dis- continued activities 1999 £	Total 1999 £
TURNOVER	3	3,582,443	613,201	4,195,644
Administrative expenses		(3,293,291)	(627,107)	(3,920,398)
Exceptional item	4	<u>(375,411)</u>	<u>-</u>	<u>(375,411)</u>
OPERATING LOSS		(86,259)	(13,906)	(100,165)
Interest receivable				28,493
Interest payable	5			<u>(45,048)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	6			(116,720)
Taxation	9			<u>(3,738)</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION – TRANSFERRED TO RESERVES	19			<u><u>£(120,458)</u></u>

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT**For the year ended 31 December 1999**

	Notes	Continuing activities 1998 £	Dis- continued activities 1998 £	Total 1998 £
TURNOVER	3	3,032,765	691,268	3,724,033
Administrative expenses		<u>(3,087,898)</u>	<u>(686,988)</u>	<u>(3,774,886)</u>
OPERATING PROFIT(LOSS)		(55,133)	4,280	(50,853)
Interest receivable				17,571
Interest payable	5			<u>(59,015)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	6			(92,297)
Taxation	9			<u>(11,096)</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION – TRANSFERRED TO RESERVES	20			<u><u>£(103,393)</u></u>

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

CONSOLIDATED BALANCE SHEET as at 31 December 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Intangible assets	10	542,560	572,703
Tangible assets	11	536,703	654,298
Investments	12	20,000	-
		<u>1,099,263</u>	<u>1,227,001</u>
CURRENT ASSETS			
Debtors	13	8,583,921	7,012,154
Cash at bank and in hand		<u>3,421,906</u>	<u>1,980,853</u>
		12,005,827	8,993,007
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>13,254,999</u>	<u>10,242,597</u>
NET CURRENT LIABILITIES		<u>(1,249,172)</u>	<u>(1,249,590)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(149,909)	(22,589)
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	<u>58,910</u>	<u>65,772</u>
		<u>£(208,819)</u>	<u>£(88,361)</u>
CAPITAL AND RESERVES			
Called up share capital	17	2,786	2,786
Share premium account	18	459,631	459,631
Profit and loss account	19	<u>(671,236)</u>	<u>(550,778)</u>
SHAREHOLDERS' FUNDS	20	<u>£(208,819)</u>	<u>£(88,361)</u>

Approved by the board on 18 MAY 2000
and signed on its behalf by

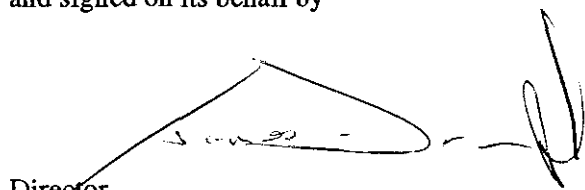
Director

COMPANY BALANCE SHEET as at 31 December 1999

	Notes	1999 £	£	1998 £	£
FIXED ASSETS					
Tangible assets	11	151,683		150,753	
Investments	12	1,109,564		1,109,564	
			1,261,247		1,260,317
CURRENT ASSETS					
Debtors	13	175,211		151,269	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	14	1,760,357		1,754,446	
NET CURRENT LIABILITIES			(1,585,146)		(1,603,177)
TOTAL ASSETS LESS CURRENT LIABILITIES			(323,899)		(342,860)
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15		56,859		50,759
			<u>£(380,758)</u>		<u>£(393,619)</u>
CAPITAL AND RESERVES					
Called up share capital	17	2,786		2,786	
Share premium account	18	459,631		459,631	
Profit and loss account	19	(843,175)		(856,036)	
SHAREHOLDERS' FUNDS			<u>£(380,758)</u>		<u>£(393,619)</u>

Approved by the board on 18 MAY 2000
and signed on its behalf by

Director



CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 1999

	Note	1999 £	1998 £
CASH FLOW FROM OPERATING ACTIVITIES	1a	1,509,922	598,408
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		28,493	17,571
Interest paid		(30,844)	(41,110)
Interest element of finance lease rental payments		(14,204)	(17,905)
Net cash outflow for returns on investments and servicing of finance		(16,555)	(41,444)
TAXATION		(11,202)	-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(207,635)	(177,615)
Sale of plant and machinery		65,361	34,525
Net cash outflow for capital expenditure and financial investment		(142,274)	(143,090)
Cash inflow before use of liquid resources and financing		1,339,981	413,874
FINANCING AND MANAGEMENT OF LIQUID RESOURCES			
Capital element of finance lease rental payments		(6,541)	(26,273)
Net cash outflow for financing and management of liquid resources		(6,541)	(26,273)
INCREASE IN CASH IN THE PERIOD		<u>£1,333,350</u>	<u>£387,601</u>

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 1999 (continued)

NOTES

1a. Reconciliation of operating profit to net cash flow from operating activities

	Continuing activities 1999 £	Dis- continued activities 1999 £	Total Total 1999 £
1999			
Operating loss	(86,259)	(13,906)	(100,165)
Depreciation and amortisation	247,642	26,690	274,332
Profit on sale of tangible fixed assets	(3,912)	(408)	(4,320)
(Increase)/decrease in debtors	(1,576,396)	4,630	(1,571,766)
Increase/(decrease) in creditors	3,069,952	(158,111)	2,911,841
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<u>£1,651,027</u>	<u>£(141,105)</u>	<u>£1,509,922</u>

	Continuing activities 1998 £	Dis- continued activities 1998 £	Total Total 1998 £
1998			
Operating (loss)/profit	(55,133)	4,280	(50,853)
Depreciation and amortisation	206,931	32,648	239,579
Profit on sale of tangible fixed assets	(337)	(3,845)	(4,182)
(Increase) in debtors	(339,134)	(68,407)	(407,541)
Increase/(decrease) in creditors	938,940	(117,535)	821,405
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<u>£751,267</u>	<u>£(152,859)</u>	<u>£598,408</u>

1b. Reconciliation of net cash flow to movement in net debt (Note 1c)

	1999 £	1998 £
Increase in cash in the period	1,333,350	387,601
Cash inflow from increase in debt and lease financing	<u>6,541</u>	<u>26,273</u>
Movement in net debt in the period	1,339,891	413,874
Net debt at 1 January 1999	<u>156,824</u>	<u>(257,050)</u>
Net debt at 31 December 1999	<u>£1,496,715</u>	<u>£156,824</u>

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 1999 (continued)

1c. **Analysis of net debt**

	At 1 January 1999 £	Cash Flow £	At 31 December 1999 £
Cash in hand and at bank	1,980,853	1,441,054	3,421,907
Overdrafts	<u>(1,700,998)</u>	<u>(107,704)</u>	<u>(1,808,702)</u>
	279,855	1,333,350	1,613,205
Finance leases	<u>(123,031)</u>	<u>6,541</u>	<u>(116,490)</u>
Total	<u><u>£156,824</u></u>	<u><u>£1,339,891</u></u>	<u><u>£1,496,715</u></u>

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 1999****1. ACCOUNTING POLICIES**

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

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Basis of consolidation

- (i) The group financial statements consolidate the accounts of Stafford Knight Holdings Limited and its subsidiaries for the year ended 31 December 1999. The results of subsidiaries acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.
- (ii) Goodwill arising on consolidation representing the excess of the purchase price over the fair value of net assets acquired is amortised over the period of its estimated useful life.

(c) Turnover

Turnover represents income received exclusive of Value Added Tax. Brokerage and fees are recognised when the business is placed by the client having regard to the date of inception of policies. Alterations in brokerage arising from additional and return premiums and adjustments are taken into account as and when these occur.

(d) Expenses

Expenses are written off as incurred.

(e) Depreciation

Depreciation is calculated to write off the cost or revalued amount less residual value of fixed assets over their estimated useful lives.

(f) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Revenues and costs expressed in foreign currencies are translated into Sterling at rates of exchange ruling on the date on which the transaction occurs. Differences arising on the translation of trading items are dealt with in the profit and loss account for the year.

(g) Deferred taxation

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

(h) Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Investments held as current assets are stated at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999 (continued)

1. ACCOUNTING POLICIES (continued)

(i) Insurance debtors and creditors

The legal status of the practice of net settlement is uncertain and in the event of an insolvency it is generally abandoned. Financial Reporting Standard No 5 "Reporting the substance of transactions" requires that offset of assets and liabilities should be recognised in financial statements where, the offset would survive the insolvency of the other party. Accordingly, only such offsets have been recognised in calculating insurance broking debtors and creditors.

(j) Leases

(i) Finance leases

Assets held under finance leases and the related lease obligations are included at the fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount on a straight line basis over the shorter of the lease term and the useful life of the asset.

Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding.

(ii) Operating leases

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

(k) Pension costs

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

(l) Impairment losses

The directors review goodwill arising on acquisitions at the end of the year in which the company was acquired, and where evidence of impairment exists the carrying value of goodwill is written down accordingly.

2. COMPANY PROFIT AND LOSS ACCOUNT

The company's own profit and loss account is not shown by virtue of the exemption provisions contained in Section 230 of the Companies Act. The parent company's profit for the financial year was £12,861 (1998: loss £25,525).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999 (continued)

3. TURNOVER

The group engages in only one class of activity, insurance broking, which is carried out in the United Kingdom.

4. EXCEPTIONAL ITEM

	1999 £	1998 £
Goodwill impairment (note 10)	555,411	-
Less existing bad debt provision	(180,000)	-
	<u>£375,411</u>	<u>£-</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
Interest payable on bank loans and overdrafts wholly repayable within five years	30,844	41,110
Finance lease interest	14,204	17,905
	<u>£45,048</u>	<u>£59,015</u>

6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999 £	1998 £
The (loss) on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation of intangible fixed assets	585,535	30,124
Depreciation of tangible fixed assets		
- owned assets	126,504	115,065
- leased assets	83,731	94,372
Auditors' remuneration	41,350	38,070
Operating lease rentals		
- hire of equipment	25,780	16,178
- land and buildings	126,022	146,024
Exchange profit	(9,030)	(8,680)
Profit on sale of tangible fixed assets	(4,320)	(4,182)
Bank interest receivable	(28,493)	(17,571)
	<u></u>	<u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999 (continued)

7. STAFF COSTS	1999	1998
	£	£
All employees including executive directors:		
Wages and salaries	1,991,908	2,016,005
Social security costs	174,555	179,505
Other pension costs	200,548	153,335
	<u>£2,367,011</u>	<u>£2,348,845</u>

The average number of persons employed by the group was:-

	No.	No.
Insurance broking	<u>96</u>	<u>99</u>

8. DIRECTORS' REMUNERATION	1999	1998
	£	£
Emoluments	135,464	145,776
Contributions to money purchase pension schemes	5,855	11,855
	<u>£141,319</u>	<u>£157,631</u>

During the period the following number of directors:

	No.	No.
Accrued benefits under money purchase pensions schemes	<u>2</u>	<u>2</u>

9. TAXATION	1999	1998
	£	£
Corporation tax charge for the group	3,000	11,096
Under provision in respect of prior years	738	-
	<u>£3,738</u>	<u>£11,096</u>

There is no liability for deferred taxation.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999 (continued)

10. INTANGIBLE FIXED ASSETS

	1999
	£
GOODWILL	
COST	
At 1 January 1999	812,372
Additions in year	555,411
Impairment losses	<u>(555,411)</u>
	<u>£812,372</u>
AMOUNTS WRITTEN OFF	
At 1 January 1999	239,669
Charge for the year	<u>30,143</u>
	<u>£269,812</u>
NET BOOK VALUE	
At 31 December 1999	<u>£542,560</u>
At 31 December 1998	<u>£572,703</u>

Goodwill is being amortised over 20 years.

During the year, the company exercised its option to acquire the remaining 51% of the share capital of Alliance Associates Limited for nil consideration. This was undertaken in order to gain overall control of that company and attempt to stem its operating losses in order that in the long term some of the trading debts due to the group by Alliance may be recovered.

The net liabilities of Alliance at the date of acquisition were £555,411. Having reviewed the prospect of returning Alliance to profitability in the foreseeable future, the directors believe it is prudent to treat the goodwill as fully impaired, and it has therefore been written down to nil.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999 (continued)

11. TANGIBLE FIXED ASSETS

GROUP

	Short leasehold improvements £	Furniture, fixtures, fittings & office equipment £	Motor vehicles £	Computer equipment £	Total £
COST					
At 1 January 1999	9,420	205,345	433,459	825,156	1,473,380
Additions	-	9,757	99,658	28,745	138,160
Disposals	-	(29,530)	(165,472)	(62,453)	(257,455)
Acquisitions	-	31,754	17,721	-	49,475
	<u>9,420</u>	<u>217,325</u>	<u>385,366</u>	<u>791,449</u>	<u>1,403,560</u>
DEPRECIATION					
At 1 January 1999	8,083	125,075	216,530	469,394	819,082
Charge for the year	605	12,377	89,966	107,287	210,235
Eliminated on disposals	-	(16,260)	(120,040)	(60,114)	(196,414)
Acquisitions	-	25,014	8,940	-	33,954
	<u>8,688</u>	<u>146,206</u>	<u>195,396</u>	<u>516,568</u>	<u>866,857</u>
NET BOOK VALUE					
At 31 December 1999	<u>£732</u>	<u>£71,119</u>	<u>£189,972</u>	<u>£274,881</u>	<u>£536,703</u>
At 31 December 1998	<u>£1,337</u>	<u>£80,270</u>	<u>£216,929</u>	<u>£355,762</u>	<u>£654,298</u>
Depreciation rates	15 years	10%	20-25%	20%	
Depreciation method		reducing balance	straight line	straight line	

The net book value of motor vehicles includes an amount of £173,947 (1998: £205,836) in respect of assets held under finance leases and hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999 (continued)

11. TANGIBLE FIXED ASSETS (continued)

COMPANY	Motor vehicles £
COST	
At 1 January 1999	341,045
Additions	99,658
Disposals	<u>(132,368)</u>
At 31 December 1999	<u><u>£308,335</u></u>
DEPRECIATION	
At 1 January 1999	190,292
Charge for the year	74,506
Eliminated on disposal	<u>(108,146)</u>
At 31 December 1999	<u><u>£156,652</u></u>
NET BOOK VALUE	
At 31 December 1999	<u><u>£151,683</u></u>
At 31 December 1998	<u><u>£150,753</u></u>
Depreciation rate	25%
Depreciation method	Straight line

Included in the above are motor vehicles held under finance leases with a net book value of £146,860 (1998: £144,715).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999 (continued)

12. FIXED ASSET INVESTMENTS

	GROUP Shares in associates £	COMPANY Shares in subsidiaries £
COST		
At 1 January 1999	-	1,109,564
Additions	20,000	5,000
	<hr/>	<hr/>
At 31 December 1999	<u>£20,000</u>	<u>£1,114,564</u>
PROVISIONS		
At 1 January 1999	-	-
Written off in the year	-	5,000
	<hr/>	<hr/>
At 31 December 1999	<u>£20,000</u>	<u>£5,000</u>
NET BOOK VALUE		
At 31 December 1999	<u>£20,000</u>	<u>£1,109,564</u>
At 31 December 1998	<u>-</u>	<u>£1,109,564</u>

The company had a 100% interest in the ordinary share capital of the following subsidiaries at 31 December 1999 which are all incorporated in England.

Subsidiary Undertakings	Class of shares held	Percentage of shares held	Principal Activity
Stafford Knight & Co Ltd	Ordinary £1	100%	Insurance broking
Stafford Knight Life Ltd	Ordinary £1	100%	Life and pensions
Stafford Knight (UK) Ltd	Ordinary £1	100%	Insurance broking
Stafford Knight Insurance Services Ltd	Ordinary £1	100%	Insurance broking
Alliance Associates Ltd	Ordinary £1	100%	Insurance broking

All subsidiary undertakings are included in the consolidated group accounts.

The group held 49% of the ordinary share capital of Alliance Associates Limited, a company incorporated in England and acquired the remaining 51% on 27th October 1999.

On 14 September 1999 the group subscribed for 20,000 £1 ordinary shares at par in S K Underwriting Limited, a company incorporated in England. This represents a 40% shareholding in that company. The results of S K Underwriting Limited have not been consolidated as the group does not have significant influence over the operating and financial policies of that company.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999 (continued)

13. DEBTORS

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
DUE WITHIN ONE YEAR				
Insurance debtors	8,311,166	6,829,733	-	-
Amounts owed by subsidiary undertakings	-	-	162,591	151,269
Other debtors	194,745	62,145	12,620	-
Prepayments and accrued income	68,698	83,603	-	-
	<u>8,574,609</u>	<u>6,975,481</u>	<u>175,211</u>	<u>151,269</u>
DUE AFTER MORE THAN ONE YEAR				
Other debtors	9,312	36,674	-	-
	<u>£8,583,921</u>	<u>£7,012,155</u>	<u>£175,211</u>	<u>£151,269</u>

14. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Bank loans and overdrafts	1,808,702	1,700,998	1,682,178	1,689,854
Obligations under finance leases	57,580	57,259	50,112	41,009
Insurance creditors	11,210,923	8,284,652	-	-
Corporation tax	3,000	10,464	-	-
Taxation and social security	67,277	56,909	652	1,350
Accruals and deferred income	107,517	132,315	27,415	22,233
	<u>£13,254,999</u>	<u>£10,242,597</u>	<u>£1,760,357</u>	<u>£1,754,446</u>

The above bank loans and overdrafts have been secured by a mortgage debenture over all the company's assets.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999 (continued)

15. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Obligations under finance leases	<u>£58,910</u>	<u>£65,772</u>	<u>£56,859</u>	<u>£50,759</u>

16. LEASING COMMITMENTS

(a) Finance leases

Future minimum lease payments under finance leases are: -

	1999		1998	
	Group	Company	Group	Company
	£	£	£	£
AMOUNT FALLING DUE				
Within one year	63,406	57,903	68,002	48,830
Two and five years	<u>63,380</u>	<u>60,973</u>	<u>71,666</u>	<u>54,062</u>
	126,786	118,876	139,668	102,892
Less future finance charges	<u>10,296</u>	<u>11,905</u>	<u>16,637</u>	<u>11,124</u>
	<u>£116,490</u>	<u>£106,971</u>	<u>£123,031</u>	<u>£91,768</u>
The commitments, net of finance charges, are included in the balance sheets as follows:				
Due within one year	57,580	50,112	57,259	41,009
Due after more than one year	<u>58,910</u>	<u>56,859</u>	<u>65,772</u>	<u>50,759</u>
	<u>£116,490</u>	<u>£106,971</u>	<u>£123,031</u>	<u>£91,768</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999 (continued)

16. LEASING COMMITMENTS (continued)

(b) Operating leases

At 31 December 1999 the group had the following annual commitments under non-cancellable operating leases:

	1999 Group		1998 Group	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire:				
Within one year	-	-	-	-
Between two and five years	109,860	13,643	130,456	3,726
Over five years	-	-	-	-
	<u>£109,860</u>	<u>£13,643</u>	<u>£130,456</u>	<u>£3,726</u>

17. SHARE CAPITAL

	Allotted, Issued and fully paid		Authorised	
	1999 £	1998 £	1999 £	1998 £
Ordinary shares of £1 each	<u>£2,786</u>	<u>£2,786</u>	<u>£10,000</u>	<u>£10,000</u>

18. SHARE PREMIUM ACCOUNT

	Group £	Company £
At 1 January 1999 and 31 December 1999	<u>£459,631</u>	<u>£459,631</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999 (continued)

19. PROFIT AND LOSS ACCOUNT

	Group £	Company £
At 1 January 1999	(550,778)	(856,036)
(Loss)/profit for the year	<u>(120,458)</u>	<u>12,861</u>
At 31 December 1999	<u>£(671,236)</u>	<u>£(843,175)</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Loss for the financial year and net additions to shareholders' funds	(120,458)	(103,393)
Opening shareholders' funds	<u>(88,361)</u>	<u>15,032</u>
Closing shareholders' funds	<u>£(208,819)</u>	<u>£(88,361)</u>

21. PENSION CONTRIBUTIONS

The group operates a defined contribution pension scheme. The scheme funds are administered independently of the company.

During the year ended 31 December 1999 contributions payable by the group to the scheme were £ 200,548 (1998: £153,335). At the balance sheet date there was no outstanding liability.

22. GUARANTEES AND OTHER FINANCIAL OBLIGATIONS

The company has given a guarantee to secure certain bank loans and overdrafts of its subsidiaries. At the balance sheet date these amounted to £126,524.

23. ULTIMATE PARENT COMPANY

The directors regard Summer Shore Investments Limited, a company incorporated in the Cayman Islands, as the ultimate parent company.