

**Towergate Chase Parkinson Limited
(Formerly Chase Parkinson Limited)**

**Directors' report and financial statements
for the Year Ended 31 December 2000
Registered number 2191976**



Directors' report and financial statements

Contents

Directors' report	1-2
Statement of directors' responsibilities	3
Report of the auditors to the members of Towergate Chase Parkinson Limited	4
Profit and loss account	5
Balance sheet	6
Reconciliation of movements in shareholders' funds	7
Notes	8-18

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The profit and loss account for the year is set out on page 5.

The principal activities of the Company continued to be the provision of specialist Travel Insurance Services.

A special resolution was passed on 24 October 2000 to change the name of the company from Chase Parkinson Limited to Towergate Chase Parkinson Limited.

Business review

Both the level of business and the year end financial position remain satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Proposed dividend

The directors have declared the following dividends in respect of the year ended 31 December 2000.

Interim dividends paid £1,380,000 (1999 : £630,000). The directors do not recommend the payment of any further dividends.

Directors and directors' interests

The directors who held office during the year were as follows:

PG Cullum
PF Dyer
A Proverbs
NJ Crocker
A Freebody
C V Chase (resigned 31 December 2000)
G Whiskin (appointed 30 March 2000)
J D Young (appointed 28 November 2000)

Directors' report (continued)

The directors who held office at the end of the financial year had the following interests in the shares of group companies according to the register of directors' interests:

	Towergate Underwriting Group Ltd			
	Ordinary Shares £1		Preference Shares £1	
	1 January 2000	31 December 2000	1 January 2000	31 December 2000
PG Cullum	34,000	34,000	-	-
PF Dyer	6,000	6,000	129,500	129,500
A Proverbs	5,000	5,000	40,500	40,500

No directors have been granted share options in the shares of the Company or other group companies.

None of the other directors who held office at the end of the financial year had any disclosable interest in the shares of group companies.

Political and charitable contributions

The Company made charitable contributions of £1,517 (1999: £1,823).

Company Secretary

J Reddi replaced PF Dyer as the Company Secretary on 23 January 2001.

Auditors

In accordance with Sections 379A and 386 of the Companies Act 1985, the Company has dispensed with the resolution to appoint auditors annually.

By order of the board



P G Cullum
Director

24 September 2001

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 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Report of the auditors to the members of Towergate Chase Parkinson Limited

We have audited the financial statements on pages 5 to 18.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

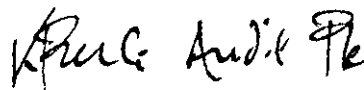
Basis of opinion

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 as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
*Chartered Accountants
Registered Auditor
London*

25 September 2001

**Profit and loss account
for the Year Ended 31 December 2000**

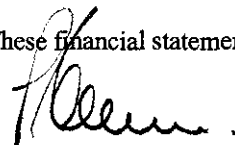
	<i>Note</i>	2000 £	1999 £
Turnover – Continuing operations	2	2,203,680	2,009,134
Gross profit		2,203,680	2,009,134
Administrative expenses		(1,466,792)	(1,130,581)
Other operating income		190,214	47,976
Operating profit – Continuing operations	3	927,102	926,529
Loss on revaluation of property		(50,325)	-
Other interest receivable and similar income		47,558	59,947
Interest payable and similar charges	6	(52,983)	(23,775)
Profit on ordinary activities before taxation		871,352	962,701
Tax on profit on ordinary activities	7	(2,659)	14,070
Profit on ordinary activities after taxation		868,693	976,771
Dividends	8	(1,380,000)	(630,000)
Retained (loss)/profit for the financial year		(511,307)	346,771

There is no difference between the profit on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

**Balance sheet
at 31 December 2000**

	<i>Note</i>	2000	2000	1999
			£	£
Fixed assets				
Tangible assets	9		539,141	596,585
Investments	10		17,203	17,203
			<u>556,344</u>	<u>613,788</u>
Current assets				
Debtors	11	669,156		643,540
Cash at bank and in hand		1,047,421		882,557
		<u>1,716,577</u>		<u>1,526,097</u>
Creditors: amounts falling due within one year	12	<u>(2,107,406)</u>		<u>(1,407,696)</u>
Net current assets (liabilities)			<u>(390,829)</u>	<u>118,401</u>
Total assets less current assets			165,515	732,189
Creditors: amounts falling due after more than one year	13		(163,620)	(218,987)
Net assets			<u>1,895</u>	<u>513,202</u>
Capital and reserves				
Called up share capital	14		1,000	1,000
Profit and loss account	15		895	512,202
Equity Shareholders' funds			<u>1,895</u>	<u>513,202</u>

These financial statements were approved by the board of directors on 24 September 2001 and were signed on its behalf by:


P G Cullum
Director

**Reconciliation of movements in shareholders' funds
For the Year Ended 31 December 2000**

	2000	1999
	£	£
Profit for the financial year	868,693	976,771
Dividends	(1,380,000)	(630,000)
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(511,307)	346,771
Opening shareholders' funds	513,202	166,431
	<hr/>	<hr/>
Closing shareholders' funds	1,895	513,202
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Towergate Underwriting Group Limited the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Towergate Underwriting Group Limited within which this Company is included, can be obtained from the address given in note 18.

Tangible fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, other than freehold land and buildings, less their estimated residual values over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Computer equipment	-	25% per annum on straight line basis
Fixtures, fittings and office equipment	-	15-20% per annum on straight line basis
Motor vehicles	-	25% per annum on straight line basis

The freehold property is revalued every three years and the value of the property adjusted accordingly.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post retirement benefits

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 amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

Notes (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover comprises net commission receivable on business incepting up to the year end.

2 Turnover

Turnover consists entirely of sales made in the United Kingdom.

3 Profit on ordinary activities before taxation

	2000	1999
	£	£
Profit on ordinary activities before taxation is stated:		
after charging		
Auditors' remuneration:		
- audit	9,000	7,775
Depreciation and other amounts written off tangible fixed assets:		
Owned	22,503	18,819
Leased	95,996	44,757
Hire of equipment – operating leases	-	422
after crediting		
Profit on disposal of fixed assets	21,978	51

Notes (continued)

4 Remuneration of directors

	2000	1999
	£	£
Directors' emoluments	177,226	124,426
Company contributions to money purchase pension schemes	9,500	1,200
	<u>186,726</u>	<u>125,626</u>

	Number of directors 2000	1999
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>2</u>	<u>1</u>

The emoluments of Mr Cullum, Mr Dyer, Mr Proverbs and Mr Crocker are paid by the parent Company which makes no recharge to the Company. Messrs Cullum, Dyer, Proverbs, and Crocker are directors of the parent Company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of the above named directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the parent Company.

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2000	1999
Management	2	2
Technical, clerical and secretarial	34	32
	<hr/>	<hr/>
	36	34
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2000	1999
	£	£
Wages and salaries	798,867	666,104
Social security costs	82,780	65,882
Other pension costs	9,500	1,200
	<hr/>	<hr/>
	891,147	733,186
	<hr/>	<hr/>

Notes (continued)

6 Interest payable and similar charges

	2000	1999
	£	£
On bank loans and overdrafts	9,083	9,050
Finance charges payable in respect of lease purchase and hire purchase contracts	43,900	14,725
	<u>52,983</u>	<u>23,775</u>

7 Taxation

	2000	1999
	£	£
UK corporation tax at 20% (1999 : 30.25%)	2,500	3,038
Under/(Over) provision in respect of prior year	159	(17,108)
	<u>2,659</u>	<u>(14,070)</u>

8 Dividends

	2000	1999
	£	£
Dividends on equity shares:		
Interim paid £1,380 (1999: £630) per share	1,380,000	630,000
	<u>1,380,000</u>	<u>630,000</u>

Notes (continued)

9 Tangible fixed assets

	Freehold land and buildings	Computer Equipment	Fixtures, Fittings and Office Equipment	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At beginning of year	310,325	106,757	89,117	328,130	834,329
Additions	-	31,068	4,407	139,115	174,590
Disposals	-	-	-	(132,372)	(132,372)
At end of year	310,325	137,825	93,524	334,873	876,547
Depreciation					
At beginning of year	-	86,843	62,219	88,682	237,744
Charge for year	-	15,269	12,413	90,817	118,499
Disposals	-	-	-	(69,162)	(69,162)
Revaluation adjustment	50,325	-	-	-	50,325
At end of year	50,325	102,112	74,632	110,337	337,406
Net book value					
At 31 December 2000	260,000	35,713	18,892	224,536	539,141
At 31 December 1999	310,325	19,914	26,898	239,448	596,585

The revaluation adjustment arises as a result of the valuation, on an open market basis, of the company's property undertaken by Curchod & Co, Chartered Surveyors on 21 February 2001.

Included above are assets held under lease purchase and hire purchase contracts as follows:

	2000	1999
	£	£
Net book value		
Computer equipment	1	3,084
Motor vehicles	204,721	239,448
	204,722	242,532
Depreciation charged during year		
Computer equipment	3,083	7,400
Motor vehicles	92,913	31,061
	95,996	38,461

Notes (continued)

10 Fixed Asset Investments

	2000	1999
	£	£
Investment properties overseas:		
Cost at beginning and end of year	17,203	17,203
	<u>17,203</u>	<u>17,203</u>

No depreciation has been provided on freehold buildings because the directors are of the opinion that the property will maintain its value in future years.

11 Debtors

	2000	1999
	£	£
Insurance debtors	617,809	597,293
Amounts owed by group undertakings	46,307	36,752
Other debtors	-	4,626
Prepayments and accrued income	5,040	4,869
	<u>669,156</u>	<u>643,540</u>

Notes (continued)

12 Creditors: amounts falling due within one year

	2000	1999
	£	£
Bank loans and overdrafts	242,278	143,000
Obligations under lease purchase and hire purchase contracts (see note 13)	84,987	33,472
Insurance creditors	1,604,917	1,162,420
Corporation tax	2,500	3,038
Taxation and social security	22,763	23,122
Other creditors	4,819	4,819
Accruals and deferred income	64,328	37,825
Amounts owed to group undertakings	80,814	
	<hr/> 2,107,406 <hr/>	<hr/> 1,407,696 <hr/>

The bank loan which is repayable on demand bears interest at 2% above bank base rate and is secured by a fixed charge over the Company's freehold property.

13 Creditors: amounts falling due after more than one year

	2000	1999
	£	£
Obligations under lease purchase and hire purchase contracts	<hr/> 163,620 <hr/>	<hr/> 218,987 <hr/>

Notes (continued)

Creditors: amounts falling due after more than one year (continued)

The maturity of obligations under lease purchase and hire purchase contracts is as follows:

	2000	1999
	£	£
Within one year	105,962	63,650
In the second to fifth years	170,063	238,236
	<hr/>	<hr/>
	276,025	301,886
Less future finance charges	(27,418)	(49,427)
	<hr/>	<hr/>
	248,607	252,459
	<hr/>	<hr/>

14 Called up share capital

	2000	1999
	£	£
Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>
 Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>

Notes (continued)

15 Reserves

	2000 Profit and loss account	1999 Profit and loss account
	£	£
At beginning of year	512,202	165,431
Retained (loss)/profit for the year	(511,307)	346,771
	<hr/>	<hr/>
At end of year	895	512,202
	<hr/> <hr/>	<hr/> <hr/>

16 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2000 Land and Buildings	1999 Land and Buildings
	£	£
Company		
Operating leases which expire:		
In the second to fifth years inclusive	15,000	15,000
Over five years	181,335	-
	<hr/>	<hr/>
	196,335	15,000
	<hr/> <hr/>	<hr/> <hr/>

17 Pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the fund and amounted to £3,500 (1999: £1,200).

Notes *(continued)*

18 Related party disclosures

The Company is a subsidiary undertaking of Towergate Underwriting Group Limited which is the ultimate parent Company incorporated in Great Britain.

The consolidated accounts of this Company are available to the public and may be obtained from:

Towergate House
St Leonard's Road
20/20 Maidstone
Kent ME16 0LS

19 Controlling Party

Mr P G Cullum, the Chairman, is the controlling party by virtue of his controlling interest in the parent Company's equity capital.