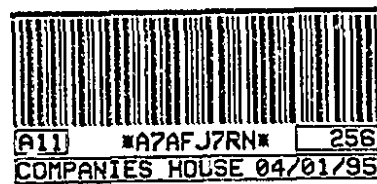


LOWNDES LAMBERT OVERSEAS

(HOLDINGS) LIMITED

31 MARCH 1994



REGISTERED NUMBER: 2214161

DIRECTORS' REPORT

The directors present their report together with the audited accounts for the year to 31 March 1994.

ACTIVITIES

The principal activity of the company is that of a holding company.

RESULTS AND DIVIDENDS

The company made a profit after taxation of £1,221,228 (1993 £844,557).

The directors recommended a final dividend for the year of £1,190,000 (1993 £800,000).

Retained profits of £31,228 (1993 £44,557) have been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors of the company who held office during the year were:

R J G Shaw  
P W Kininmonth  
R L Tween (Australia)  
C Mineraud (France)  
A A Ledamun  
S R D Wilson  
A M Barabino (Italy)  
W H G Wilks  
M J Caley  
P G Kane

DIRECTORS' REPORT (Continued)

## DIRECTORS AND THEIR INTERESTS (Continued)

None of the directors held any direct beneficial interest in the shares of the company.

The interest of the directors in the shares of Lowndes Lambert Group Holdings plc at 31 March 1994 was as follows:

	Number of Shares at 31 March 1994		Number of Shares at 31 March 1993	
	Ordinary Shares of 5p each Beneficial	Ordinary Shares of 5p each Non-beneficial	Ordinary Shares of 5p each Beneficial	Ordinary Shares of 5p each Non-beneficial
R J G Shaw	1,355,390	245,317	1,545,390	245,317
P W Kininmonth	257,920	80,000	281,920	80,000
C Mineraud	230,040	-	230,040	-
A A Ledamun	57,860	15,000	62,860	20,000
S R D Wilson	67,300	132,850	98,800	165,000
A M Barabino	1,750	-	1,750	-
R Tween	212,500	-	212,500	-
M J Caley	239,000	25,800	229,700	35,100

The company's ultimate holding company holds indemnity insurance to cover both directors and officers.

## FIXED ASSETS

Movements in fixed assets are set out in Notes 8 and 9 of the accounts.

## RESPONSIBILITIES OF THE DIRECTORS

The directors are required by the Companies Act 1985 to prepare accounts for each financial year 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 the profit or loss for the financial year.

The directors consider that in preparing the accounts on pages 5 to 12, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors 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.

LOWNDES LAMBERT OVERSEAS (HOLDINGS) LIMITED

3.

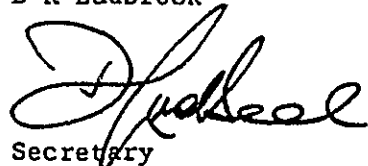
DIRECTORS'S REPORT (Continued)

AUDITORS

The Auditors, Price Waterhouse, have indicated their willingness to be re-appointed, and in accordance with Section 384 of the Companies Act 1985 a resolution will be put to the Annual General Meeting.

By Order of the Board

D R Ludbrook



Secretary

53 Eastcheap  
London EC3P 3HL

31 October 1994

## AUDITORS' REPORT

To the members of Lowndes Lambert Overseas (Holdings) Limited.

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 7.

## Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

## Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 1994 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse  
Chartered Accountants  
and Registered Auditors  
Thames Court  
1 Victoria Street  
Windsor  
SL4 1HB

31 October 1994

PROFIT AND LOSS ACCOUNT FOR THE  
YEAR ENDED 31 MARCH 1994

	<u>Notes</u>	<u>1994</u> £	<u>1993</u> £
TURNOVER		-	-
Administrative Expenses	17	(137,532)	(120,012)
OPERATING LOSS		(137,532)	(120,012)
Dividends receivable		1,515,730	494,799
Interest receivable	5	151,124	329,773
Interest payable	6	(73,596)	-
Exchange gain on intercompany balances		-	180,765
Loan to associated undertaking written off		(258,026)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,197,700	885,325
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	7	23,528	(40,768)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,221,228	844,557
Dividend - proposed		(1,190,000)	(800,000)
RETAINED PROFIT FOR THE YEAR	18	31,228	44,557
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		51,592	7,035
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		82,820	51,592

There are no recognised gains and losses in 1994 or 1993 other than the profit for the year.

BALANCE SHEET - 31 MARCH 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
<b>FIXED ASSETS</b>			
Intangible assets	8	820,000	940,000
Investments	9	14,189,774	10,522,903
		<u>15,009,774</u>	<u>11,462,903</u>
<b>CURRENT ASSETS</b>			
Debtors			
amounts falling due within one year	10	762,048	1,398,320
amounts falling due after more than one year	10	1,575,955	3,504,077
		<u>2,338,003</u>	<u>4,902,397</u>
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	<u>(1,919,055)</u>	<u>(1,534,706)</u>
<b>NET CURRENT ASSETS</b>		<u>418,948</u>	<u>3,367,691</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>15,428,722</u>	<u>14,830,594</u>
<b>CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	12	(15,309,624)	(14,770,027)
<b>DEFERRED TAXATION</b>	13	(36,178)	(8,875)
		<u>82,920</u>	<u>51,692</u>
<b>CAPITAL AND RESERVES</b>			
Called Up Share Capital	14	100	100
Profit and Loss Account		82 820	51,592
<b>SHAREHOLDERS' FUNDS</b>	18	<u>82,920</u>	<u>51,692</u>

Approved by the Board on  
31 October 1994

Director

S R D Wilson

NOTES TO THE ACCOUNTS - 31 MARCH 1994

1. ACCOUNTING POLICIES

- (i) The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.
- (ii) Group accounts are not prepared as the company is the wholly owned subsidiary of another body corporate registered in England and is exempt from the obligation to prepare and deliver consolidated accounts under section 228 of the Companies Act 1985. The company has taken advantage of the exemption available to wholly-owned subsidiaries under Financial Report Standard 1 not to prepare a cashflow statement.
- (iii) Assets and liabilities denominated in foreign currencies are expressed in sterling at rates of exchange ruling at the year end. Transactions in foreign currencies are translated at exchange rates ruling at the transaction date. Differences arising from the translation of foreign currencies at year end rates are dealt with in the result before taxation.
- (iv) Investments in subsidiaries and related undertakings in the accounts of the company are stated at cost less provision for any permanent diminution in value.
- (v) Goodwill is being amortised over 10 years, which the directors consider to be a reasonable estimate of its useful life. Additional provision is made for any permanent diminution in value.
- (vi) Provision for deferred taxation, using the liability method, arising from timing differences between taxable and booked income and expenditure is not made, unless, in the opinion of the directors, such deferred taxation will be payable in the foreseeable future.

2. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Lowndes Lambert Group Holdings plc which is registered in England. Copies of the group accounts may be obtained from the Company Secretary at 53 Eastcheap, London, EC3P 3HL.

Lowndes Lambert Group Holdings plc is the smallest and largest undertaking for which group accounts are prepared.



NOTES TO THE ACCOUNTS - 31 MARCH 1994

## 3. SUBSIDIARY UNDERTAKINGS

At 31 March 1994 the company held 100% of the ordinary share capital and voting rights of the following companies, except where otherwise stated

<u>Company</u>	<u>Country of Incorporation</u>	<u>Type of Business</u>
Lowndes Lambert Australia Ltd	Australia	Insurance Broker
Lowndes Lambert France s.a.r.l.	France	Insurance Holding Co
L Hammond & Co (Far East)(1967) Ltd	Hong Kong	Investment Holding Co
Lambert Bros Insurance Brokers Ltd	Hong Kong	Insurance Broker
Flint & Co Ltd	Guernsey	Insurance Broker
Lowndes Lambert Group Canada Ltd (90% owned)	Canada	Investment Holding Co
Edward Lloyd Limited	USA	Reinsurance Broker
Lowndes Lambert Hammond Ltd	Great Britain	Investment Company
Lowndes Lambert Deutschland AG (75% owned)	Germany	Insurance Broker
Lowndes Lambert Enterprises Ltd*	Great Britain	Investment Company
Eastwood Insurance Company Ltd*	Guernsey	Insurance Company

\* Indirectly held

All companies incorporated in Great Britain are registered in England.

All the companies listed above have financial years ending 31 March with the exception of Lowndes Lambert France S.a.r.l. whose financial year end is 31 December.

Additionally the company owned more than 10% of the issued share capital of the following companies. (\* indirectly held)

<u>Company</u>	<u>Country of Incorporation</u>	<u>Type of Business</u>
La Securite Nouvelle (45%)*	France	Insurance Broker
Lowndes Lambert Group Italy S.p.A.(49%)	Italy	Insurance Broker
Amanah Lowndes Lambert Sdn. Bhd (44%)*	Malaysia	Insurance Broker
S A Conscils Courtage Assurances et Reassurances (33%)	France	Insurance Broker

## 4. DIRECTORS' EMOLUMENTS

The directors of the company principally carry out their duties on behalf of certain subsidiary undertakings and accordingly do not receive emoluments from this company (1993 £NIL).

## 5. INTEREST RECEIVABLE

	<u>1994</u>	<u>1993</u>
	£	£
Interest receivable from subsidiary undertakings	151,124	329,773

NOTES TO THE ACCOUNTS - 31 MARCH 1994

## 6. INTEREST PAYABLE

Interest of £73,596 (1993 £Nil) has been charged on a loan from an undertaking in which a fellow subsidiary undertaking holds a participating interest, which becomes due after two but within five years. During the year, following the disposal of this participating interest benefit in the loan was transferred to a subsidiary undertaking and was settled by way of offset of intercompany balances.

## 7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The taxation (credit)/charge represents UK Corporation tax calculated at 33% (1993 33%) of the results for the year as adjusted for tax purposes.

	<u>1994</u>	<u>1993</u>
	£	£
Corporation Tax - Current Year	72,635	195,676
Prior Year	(123,466)	-
Deferred tax - Current Year at 33%	27,319	(167,501)
Prior Year at 33%	(16)	12,593
	<hr/>	<hr/>
	(23,528)	40,768
	<hr/>	<hr/>

## 8. INTANGIBLE ASSETS - GOODWILL

	£
Cost	
At 1 April and 31 March	1,200,000
	<hr/>
Amortisation	
At 1 April 1993	260,000
Charge for year (see Note 17)	120,000
At 31 March 1994	380,000
Net Book Amount at 31 March 1994	820,000
Net Book Amount at 31 March 1993	940,000
	<hr/>

The goodwill is being amortised over 10 years which, in the opinion of the directors, is its useful economic life.

## NOTES TO THE ACCOUNTS - 31 MARCH 1994 (Continued)

## 9. INVESTMENTS

	Shares in		Total
	Subsidiary	Associated	
	Undertakings	Undertakings	
	£	£	£
Cost at			
1 April 1993	10,508,362	14,541	10,522,903
Additions	3,644,032	22,839	3,666,871
	<hr/>	<hr/>	<hr/>
Cost at			
31 March 1994	14,152,394	37,380	14,189,774
	<hr/>	<hr/>	<hr/>

The additions in the year represent the investment in Lowndes Lambert Deutschland AG and the capitalisation of certain long term loans to subsidiary undertakings.

In the opinion of the directors the value of the company's investment in its subsidiary undertakings is not less than the aggregate amount shown in the Balance Sheet.

## 10. DEBTORS

	<u>1994</u>	<u>1993</u>
	£	£
Amounts falling due within one year		
Amounts owed by Subsidiary Undertakings	645,941	1,181,876
Amounts owed by Associated Undertakings	-	216,444
Other debtors	116,107	-
	<hr/>	<hr/>
	762,048	1,398,320
	<hr/>	<hr/>
	<u>1994</u>	<u>1993</u>
	£	£
Amounts falling due after more than one year		
Amounts owed by Fellow Subsidiary Undertakings	744,380	498,472
Amounts owed by Subsidiary Undertakings	831,575	2,964,023
Amounts owed by Associated Undertakings	-	41,582
	<hr/>	<hr/>
	£ 1,575,955	£ 3,504,077
	<hr/>	<hr/>

## 11. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1994</u>	<u>1993</u>
	£	£
Amounts owing to Parent Undertaking	(1,190,000)	(800,000)
Amounts owing to Fellow		
Subsidiary Undertakings	(400,000)	-
Amounts owing to Subsidiary Undertakings	(123,255)	-
Corporation tax	(205,800)	(334,706)
Other creditors	-	(400,000)
	<hr/>	<hr/>
	(1,919,055)	(1,534,706)
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS - 31 MARCH 1994 (Continued)

## CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR (Continued)

The amount in other creditors in 1993 represented the deferred consideration due to Peter Methley Holdings Limited.

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

	<u>1994</u> £	<u>1993</u> £
Amounts owing to Parent Undertaking	(15,021,698)	(14,221,698)
Amounts owing to Subsidiary Undertakings	(287,926)	-
Amounts owing to an Undertaking in which a Fellow Subsidiary Undertaking has a participating interest	-	(548,329)
	<u>(15,309,624)</u>	<u>(14,770,027)</u>

The loan from the Parent Undertaking does not bear interest.

## 13. DEFERRED TAXATION

	<u>1994</u> £	<u>1993</u> £
Short term timing differences	(36,178)	(8,875)

Deferred taxation is provided in respect of all known timing differences at 33% (1993 - 33%).

## 14. CALLED UP SHARE CAPITAL

	<u>1994</u> £	<u>1993</u> £
Authorised, allotted and fully paid Ordinary shares of £1 each	<u>100</u>	<u>100</u>

## 15. AUDITORS' REMUNERATION

Auditors' remuneration of £2,000 (1993 £2,000) is borne by a fellow subsidiary undertaking.

## 16. DIRECTORS' OPTIONS

On 1 July 1992, Mr WHG Wilks was granted options over 132,110 shares of Lowndes Lambert Group Holdings plc, under the employee share scheme. These options are exercisable, after three years but before ten years from the date of grant, at a price of 272.5p per share.

None of the other directors held any options over the shares of Lowndes Lambert Group Holdings plc as at 31 March 1994.

## 17. OPERATING LOSS

Operating loss is stated after charging amortisation of £120,000 (1993 £120,000) (See Note 8).