

LOWNDES LAMBERT OVERSEAS

(HOLDINGS) LIMITED

31 MARCH 1992

REGISTERED NUMBER: 2214161

DIRECTOR'S REPORT

The directors present their report together with the audited accounts for the year to 31 March 1992.

ACTIVITIES

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

RESULTS AND DIVIDENDS

The company's trading resulted in a profit after taxation and extraordinary items of £1,293,186 (1991 £1,743,188).

The directors recommended an interim dividend of £11,829 (1991 £1,400,000) and a final dividend for the year of £1,500,000 (1991 £150,000).

Retained profits of £7,035 (1991 £225,678) are transferred to reserves.

ACQUISITIONS AND DISPOSALS

During the year the Company disposed of 51% of its shareholding in Lowndes Lambert Group Italy S.p.a. to the management of that Company.

The Company purchased the remaining 20% shareholding in Edward Lloyd Limited from its former management.

DIRECTORS AND THEIR INTERESTS

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

R J G Shaw
P W Kiniamonth
R L Tween (Australia)
C Mineraud (France)
A A Ledamun
S R D Wilson
A M Barabino (Italy)
G J Chapman (Australia) Resigned 30 September 1991

LOWNDES LAMBERT OVERSEAS (HOLDINGS) LIMITED

2.

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 1992 was as follows:

Number of Shares at 31 March 1992			Number of Shares at 31 March 1991			
Beneficial	Ordinary Shares of 5p each	Non-beneficial	Ordinary Shares of £1 each fully paid at a premium of £1 per share	B Ordinary Shares of £1 each 25p paid	Cumulative Redeemable Preference Shares £1 each fully paid	Cumulative Convertible Participating Preferred Ordinary Shares of £1 each fully paid at a premium of £1 per share
R J G Shaw	1,545,140	46,500	76,876	17,937	94,171	6,054
P W Kininmonth	281,920	80,000	13,763	15,492	82,399	5,296
C Mineraud	230,040	-	11,502	-	-	-
A A Ledamun	67,860	30,000	5,751	-	-	-
S R D Wilson	107,800	176,000	14,463	8,969	47,085	3,027
A M Barabino	1,750	-	-	-	-	-
R L Tween	212,500	-	10,625	-	-	-

None of the directors held any options over the shares of Lowndes Lambert Group Holdings plc.

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

AUDITORS

The Auditors, Price Waterhouse, have indicated their willingness to be re-appointed.

By Order of the Board

Secretary



A A Ledamun

53 Eastcheap
London EC3P 3HL

29 June 1992

AUDITORS' REPORT TO THE MEMBERS OF:

3.

LOWNDES LAMBERT OVERSEAS (HOLDINGS) LIMITED

We have audited the accounts on pages 4 to 10 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 March 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditor
Thames Court
1 Victoria Street
Windsor
SL4 1HB

29 June 1992

LOWNDES LAMBERT OVERSEAS (HOLDINGS) LIMITED

4.

PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 MARCH 1992

	<u>Notes</u>	<u>1992</u>	<u>1991</u>
TURNOVER		-	-
Administrative Expenses		(77,337)	(57,280)
OPERATING LOSS		(77,337)	(57,280)
Dividends receivable		1,031,011	1,281,072
Interest receivable	5	631,079	988,314
Interest payable	6	(38,788)	(10,871)
Exchange gain/(loss)		71,804	(189,631)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,617,769	2,011,604
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	7	(324,583)	(359,610)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,293,186	1,651,994
Extraordinary Items	8	-	91,194
PROFIT FOR THE FINANCIAL YEAR		1,293,186	1,743,188
Dividend paid		(1,511,829)	(1,550,000)
PROFIT AND LOSS ACCOUNT AT 1 APRIL 1991		225,678	32,490
PROFIT AND LOSS ACCOUNT AT 31 MARCH 1992		£ 7,035	£ 225,678

The accompanying notes on pages 6 to 10 form part of these accounts.

LOWNDES LAMBERT OVERSEAS (HOLDINGS) LIMITED

5.

BALANCE SHEET - 31 MARCH 1992

	<u>Notes</u>	<u>1992</u>	<u>1991</u>
FIXED ASSETS			
Intangible assets	9	1,060,000	1,180,000
Investments	10	10,518,290	10,528,064
		<u>11,578,290</u>	<u>11,708,064</u>
CURRENT ASSETS			
Debtors	11	5,089,386	6,357,994
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(2,892,251)	(5,602,887)
		<u>2,197,135</u>	<u>775,107</u>
NET CURRENT ASSETS			
		<u>2,197,135</u>	<u>775,107</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,375,425	12,463,171
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	(13,604,507)	(11,303,751)
DEFERRED TAXATION	14	(163,783)	(933,642)
		<u>£ 7,135</u>	<u>£ 225,778</u>
CAPITAL AND RESERVES			
Called Up Share Capital	15	100	100
Profit and Loss Account		7,035	225,678
		<u>£ 7,135</u>	<u>£ 225,778</u>

DIRECTOR

S R D Wilson



Approved by the Board

29 June 1992

NOTES TO THE ACCOUNTS - 31 MARCH 1992

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.
- (iii) Assets and liabilities 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.

The loans to subsidiary undertakings which are treated as part of the investment and are of a long term nature are stated at historic rates of exchange.
- (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.

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.

3. SUBSIDIARY UNDERTAKINGS

At 31 March 1992 the company owned all of the ordinary share capital 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 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.

NOTES TO THE ACCOUNTS - 31 MARCH 1992SUBSIDIARY UNDERTAKINGS (Cont.)

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

4. DIRECTOR'S 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 (1991 NIL).

5. INTEREST RECEIVABLE

	<u>1992</u>	<u>1991</u>
Interest receivable from subsidiary undertakings	£ 631,079	£ 988,314

6. INTEREST PAYABLE

Interest payable is 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.

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge represents UK Corporation tax calculated at 33% (1991 34%) of the results for the year as adjusted for tax purposes.

	<u>1992</u>	<u>1991</u>
	£	£
Corporation Tax - Current Year	1,356,718	271,790
Prior Year	(20,000)	(199,885)
Deferred tax - Current Year at 33%	(769,859)	262,068
Prior Year at 33%	-	220,305
Double Tax Relief	(242,276)	(194,668)
	<u>£ 324,583</u>	<u>£ 359,610</u>

NOTES TO THE ACCOUNTS - 31 MARCH 1992

8. EXTRAORDINARY ITEM

The extraordinary profit in 1991 related to the disposal of the Company's holding in G E Lambert Insurance Brokers Pte Ltd.

9. INTANGIBLE ASSETS - GOODWILL

Cost	£
At 1 April and 31 March	£ 1,200,000
Amortisation	
At 1 April 1991	20,000
Charge for year	120,000
At 31 March 1992	140,000
Net Book Value at 31 March 1992	1,060,000
Net Book Value at 31 March 1991	£ 1,180,000

In 1991 the company acquired the goodwill and business of H J Symons & Co Limited, H J Symons (Agencies) Limited, H J Symons Professional Indemnity Limited, from Lowndes Lambert Group Holdings plc. The business is carried on by Lowndes Lambert Group Limited, a fellow subsidiary undertaking.

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

10. INVESTMENTS

	Shares in Subsidiary Undertaking	Associated Undertaking	Loans to Subsidiary Undertaking	Total
	£	£	£	£
Cost at				
1 April 1991	5,264,951	-	5,263,113	10,528,064
Additions	560	-	-	560
Loan capitalised	5,263,113	-	(5,263,113)	-
Disposals	(10,334)	-	-	(10,334)
Reclassified	(9,928)	9,928	-	-
Cost at				
31 March 1992	£10,508,362	£ 9,928	£ -	£ 10,518,290

NOTES TO THE ACCOUNTS - 31 MARCH 1992

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

On 29 April 1991 the remainder of the loan to the Australian subsidiary undertaking was capitalised following the issue of further shares in that company and the outstanding interest converted into a current liability sterling loan on that date.

11. DEBTORS	<u>1992</u>	<u>1991</u>
Amounts owed by Fellow Subsidiary Undertakings	-	1,568,796
Amounts owed by Subsidiary Undertakings	4,944,663	4,789,198
Amounts owed by Associated Undertakings	144,723	-
	<u>£ 5,089,386</u>	<u>£ 6,357,994</u>

Included in the above are the following amounts falling due after more than one year.

	<u>1992</u>	<u>1991</u>
Amounts owed by Fellow Subsidiary Undertakings	-	1,568,796
Amounts owed by Subsidiary Undertakings	3,111,808	1,061,958
Amounts owed by Associated Undertakings	138,937	-

12. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1992</u>	<u>1991</u>
Amounts owing to Parent Undertaking	(1,500,000)	(2,350,000)
Amounts owing to Fellow Subsidiary Undertakings	(490,877)	(3,000,000)
Corporation tax	(901,374)	(193,795)
Other creditors and provisions	-	(59,092)
	<u>£ (2,892,251)</u>	<u>£ (5,602,887)</u>

13. CREDITORS - AMOUNTS FALLING DUE IN MORE THAN ONE YEAR	<u>1992</u>	<u>1991</u>
Amounts owing to Parent Undertaking	(12,721,698)	(10,461,598)
Amounts owing to an Undertaking in which a Fellow Subsidiary Undertaking has a participating interest	(482,809)	(442,153)
Other Creditors	(400,000)	(400,000)
	<u>£ (13,604,507)</u>	<u>(11,303,751)</u>

The loan from the Parent Undertaking does not bear any interest. The amount in other creditors represents the deferred consideration due to Peter Methley Holdings Limited which becomes payable in November 1993.

NOTES TO THE ACCOUNTS - 31 MARCH 1992

14.	DEFERRED TAXATION	<u>1992</u>	<u>1991</u>
	Short term and other timing differences	<u>£163,783</u>	<u>£ 933,642</u>
	Deferred taxation is provided in respect of all known timing differences at 33%		
15.	CALLED UP SHARE CAPITAL	<u>1992</u>	<u>1991</u>
	Authorised, Allotted and fully paid Ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
16.	AUDITORS' REMUNERATION		
	Auditors' remuneration of £2,000 (1991 £2,000) is borne by a fellow subsidiary undertaking.		