

**LOWNDES LAMBERT OVERSEAS**

**(HOLDINGS) LIMITED**

**REPORT & ACCOUNTS**

**31 MARCH 1996**



**REGISTERED NUMBER: 2214161**

DIRECTORS' REPORT

The directors present their report together with the audited accounts for the year to 31 March 1996.

ACTIVITIES

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

RESULTS AND DIVIDENDS

The company made a profit after taxation of £1,318,447 (1995: £929,350). An interim dividend of £534,312 was paid during the year (1995: £NIL).

The directors recommended a final dividend for the year of £750,000 (1995: £850,000).

Retained profits of £34,135 (1995: £79,350) have been transferred to reserves.

SIGNIFICANT EVENTS DURING THE YEAR

During the year the company disposed of its entire shareholding in Datasure Holdings Limited to a fellow subsidiary for £6.5m. A profit of £500,000 has been recognised on disposal.

During the year, as part of establishing a new holding company for its US operations the company acquired, from its ultimate parent company, and subsequently disposed of, to Lowndes Lambert US Holdings Inc., the entire shareholding in Lowndes Lambert Agencies (formerly AmBrit International Holdings Inc.). No profit or loss was recognised on this transaction.

As part of this reorganisation the company also disposed of its entire shareholding in Edward Lloyd Limited and Lambert Green Limited to Lowndes Lambert US Holdings Inc.. A loss of £89,209 and a profit of £56,238, respectively have been recognised on disposal.

DIRECTORS AND THEIR INTERESTS

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

R J G Shaw (deceased 23 November 1995)  
P W Kininmonth (resigned 2 October 1995)  
R L Tween (Australia)  
C Mineraud (France)  
S R D Wilson  
A M Barabino (Italy)  
W H G Wilks  
M J Caley  
P G Kane (Canada)  
D B Margrett  
A Van-Varenberg (Belgium)  
H C Champion (appointed 4 April 1996)  
K J Gruet (appointed 22 December 1995)

DIRECTORS' REPORT (Continued)

## DIRECTORS' INTERESTS

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 1996 was as follows:

	Number of Shares at 31 March 1996 Ordinary Shares of 5p each fully paid		Number of Shares at 31 March 1995 Ordinary Shares of 5p each fully paid	
	Beneficial	Non-beneficial	Beneficial	Non-Beneficial
C Mineraud	460,080	-	460,080	-
S R D Wilson	84,600	247,000	84,600	255,700
A M Barabino	5,500	2,800	4,500	1,400
R Tween	-	425,000	-	425,000
M J Caley	478,000	29,600	478,000	29,600
D B Margrett	196,000	221,576	200,000	231,576
P G Kane	200	-	200	-
K J Gruet	1,200	-	1,200*	-

\* Held on date of appointment.

Directors' options are set out in note 16 to the accounts.

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

## FIXED ASSETS

Movements in fixed assets are set out in Note 9 of the accounts.

DIRECTORS' REPORT (Continued)

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 13, 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.

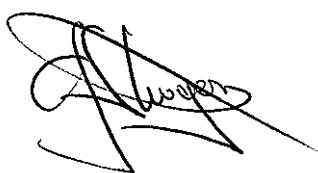
The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985.

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.

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 proposing their re-appointment will be put to the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'C J Sturgess', is written over a horizontal line.

C J Sturgess  
Secretary

Friary Court,  
Crutched Friars  
London EC3N 2NP

30 August 1996

## AUDITORS' REPORT

4

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

We have audited the accounts on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

### **Respective responsibilities of directors and auditors**

As described on page 3 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 1996 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

30 August 1996

PROFIT AND LOSS ACCOUNT FOR THE  
YEAR ENDED 31 MARCH 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
TURNOVER		-	-
Administrative Expenses		(31,174)	(120,000)
OPERATING LOSS		<u>(31,174)</u>	<u>(120,000)</u>
Dividends receivable		948,223	861,401
Interest receivable	5	261,143	80,006
Interest payable	6	(275,426)	(120,497)
Exchange gain on intercompany balances		5,079	33,749
Other income	7	<u>467,029</u>	<u>186,208</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,374,874	920,867
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	8	<u>(56,427)</u>	<u>8,483</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,318,447	929,350
Dividends - paid		(534,312)	-
Dividends - proposed		<u>(750,000)</u>	<u>(850,000)</u>
RETAINED PROFIT FOR THE YEAR	17	34,135	79,350
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		<u>162,170</u>	<u>82,820</u>
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		<u>196,305</u>	<u>162,170</u>

There are no recognised gains and losses in 1996 or 1995 other than the profit for the year.

The notes on pages 7 to 13 form part of these accounts.

BALANCE SHEET - 31 MARCH 1996

	<u>Notes</u>	<u>1996</u> £	<u>1996</u> £	<u>1995</u> £	<u>1995</u> £
FIXED ASSETS					
Investments	9		<u>18,173,725</u>		<u>22,742,438</u>
			18,173,725		22,742,438
CURRENT ASSETS					
Debtors					
Amounts falling due within one year	10	1,269,512		1,688,804	
Amounts falling due after more than one year	10	<u>4,259,591</u>		<u>2,143,810</u>	
		5,529,105		3,832,614	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
	11	<u>(5,070,628)</u>		<u>(10,702,132)</u>	
NET CURRENT ASSETS/ (LIABILITIES)					
			458,475		(6,869,518)
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>18,632,200</u>		<u>15,872,920</u>
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	12		(12,549,819)		(10,671,301)
DEFERRED TAXATION					
	13		-		(39,449)
			<u>6,082,381</u>		<u>5,162,170</u>
CAPITAL AND RESERVES					
Called Up Share Capital	14		5,886,076		5,000,000
Profit and Loss Account			196,305		162,170
SHAREHOLDERS' FUNDS					
	17		<u>6,082,381</u>		<u>5,162,170</u>

Approved by the Board on  
30 August 1996

SRD Wilson  
Director



The notes on pages 7 to 13 form part of these accounts.

**NOTES TO THE ACCOUNTS - 31 MARCH 1996 (Continued)****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 Reporting 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) 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 PARENT COMPANY**

The company's ultimate parent 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 Friary Court, Crutched Friars, London EC3N 2NP.

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



NOTES TO THE ACCOUNTS - 31 MARCH 1996 (Continued)3. SUBSIDIARY UNDERTAKINGS

At 31 March 1996 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.
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 Co. Ltd.*	Guernsey	Insurance Company

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. Lowndes Lambert France s.a.r.l has at 31 December year end because that is the year end of its principal investment, La Securite Nouvelle.

Additionally the company owned more than 10% of the issued share capital of the following companies.

<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 BrokerS A
Conseils Courtage Assurances et Reassurances (33%)	France	Insurance Broker
Thibaut Colson de Nef SA (20%)	Belgium	Insurance Broker
Interbroker Correduria Reaseguros SA (50%)	Spain	Insurance Broker

\* Indirectly held

## NOTES TO THE ACCOUNTS - 31 MARCH 1996 (Continued)

## 4. DIRECTORS' EMOLUMENTS

None of the directors received any remuneration from the company during the year. Certain overseas subsidiary undertakings paid emoluments to directors of the company. The amount in aggregate was £247,675 (1995: £185,221).

## 5. INTEREST RECEIVABLE

	<u>1996</u>	<u>1995</u>
	£	£
Interest receivable from Group and subsidiary undertakings	<u>261,143</u>	<u>80,006</u>

## 6. INTEREST PAYABLE

	<u>1996</u>	<u>1995</u>
	£	£
Interest payable to Group and subsidiary undertakings	<u>275,426</u>	<u>120,497</u>

## 7. OTHER INCOME

	<u>1996</u>	<u>1995</u>
	£	£
Profit on disposal of Associated Undertaking (note 9)	500,000	-
Net (Loss) on disposal of Subsidiary Undertakings (note 9)	(32,971)	-
Other income	-	186,208
	<u>467,029</u>	<u>186,208</u>

## 8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Taxation represents UK Corporation tax calculated at 33% (1995 33%) of the results for the year as adjusted for tax purposes.

	<u>1996</u>	<u>1995</u>
	£	£
Corporation Tax		
- Current Year	52,693	74,096
- Prior Year	<u>53,090</u>	<u>(85,850)</u>
	105,783	(11,754)
Deferred Tax-		
- Current Year at 33%	(49,356)	(104,932)
- Prior Year at 33%	-	108,203
Taxtion charge/(credit)	<u>56,427</u>	<u>(8,483)</u>

## NOTES TO THE ACCOUNTS - 31 MARCH 1996 (Continued)

## 9. INVESTMENTS

	Shares in Subsidiary Undertakings £	Associated undertakings £	Total £
Cost at 1 April 1995	14,085,158	8,657,280	22,742,438
Additions	1,823,345	24,151	1,847,496
Transferred to Group Undertakings	(416,209)	(6,000,000)	(6,416,209)
Cost at 31 March 1996	<u>15,492,294</u>	<u>2,681,431</u>	<u>18,173,725</u>

During the year the company disposed of its entire shareholding in Datasure Holdings Limited to a fellow subsidiary for £6.5m. A profit on disposal of £500,000 is recognised in note 7.

During the year, as part of establishing a new holding company for its US operations the company acquired, from its ultimate parent company, and subsequently disposed of, to Lowndes Lambert US Holdings Inc., the entire shareholding in Lowndes Lambert Agencies (formerly AmBrit International Holdings Inc.). No profit or loss was recognised on this transaction.

As part of this reorganisation the company also disposed of its entire shareholding in Edward Lloyd Limited and Lambert Green Limited to Lowndes Lambert US Holdings Inc. A loss of £89,209 and a profit of £56,238, respectively have been recognised on disposal in note 7.

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.

## NOTES TO THE ACCOUNTS - 31 MARCH 1996 (Continued)

## 10. DEBTORS

	<u>1996</u>	<u>1995</u>
	£	£
Amounts falling due within one year		
Amounts owed by Subsidiary Undertakings	620,686	976,141
Amounts owed by Fellow Subsidiary Undertakings	-	245,086
Other debtors	-	26,600
Corporation Tax recoverable	648,826	440,977
	<u>1,269,512</u>	<u>1,688,804</u>
	<u>1996</u>	<u>1995</u>
	£	£
Amounts falling due after more than one year		
Amounts owed by Fellow Subsidiary Undertakings	2,308,003	931,273
Amounts owed by Subsidiary Undertakings	1,941,681	1,212,537
Deferred taxation	9,907	-
	<u>4,259,591</u>	<u>2,143,810</u>

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

	<u>1996</u>	<u>1995</u>
	£	£
Amounts owing to Parent Undertaking	750,000	850,000
Amounts owing to Fellow Subsidiary Undertakings	-	6,981,563
Amounts owing to Subsidiary Undertakings	4,320,628	2,870,569
	<u>5,070,628</u>	<u>10,702,132</u>

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

	<u>1996</u>	<u>1995</u>
	£	£
Amounts owing to Parent Undertaking	11,850,575	10,400,525
Amounts owing to Subsidiary Undertakings	699,244	270,776
	<u>12,549,819</u>	<u>10,671,301</u>

The loan from the Parent Undertaking does not bear interest.

## NOTES TO THE ACCOUNTS - 31 MARCH 1996 (Continued)

## 13. DEFERRED TAXATION

	<u>1996</u>	<u>1995</u>
	£	£
Short term timing differences -asset/(liability)	<u>9,907</u>	<u>(39,449)</u>

Deferred taxation is provided in respect of all known timing differences at 33% (1995 - 33%). The deferred tax asset shown above is recorded in debtors - amounts falling due after more than one year (note 10).

## 14. CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
	£	£
Authorised, allotted and fully paid Ordinary Shares of £1 each	<u>5,886,076</u>	<u>5,000,000</u>

During the year the authorised share capital of the company was increased by 886,076 shares of £1 each to 5,886,076 shares of £1 each. The additional capital has been allotted and fully paid by way of capitalising the amount due to the parent company, Lowndes Lambert Group Holdings plc, arising from the transfer of the investment in Lowndes Lambert Agencies Inc. (formerly AmBrit International Holdings Inc.).

## 15. AUDITORS' REMUNERATION

Auditors' remuneration of £2,000 (1995: £2,000) is borne by a fellow subsidiary undertaking.

## 16. DIRECTORS' OPTIONS

The directors held the following options in the share capital of Lowndes Lambert Group Holdings plc:

	Options held at 31 March 1995	Options granted during the year	Options held at 31 March 1996	Exercise Price	Date from which exercisable	Expiry Date
Directors						
WHG Wilks	264,220	-	264,220	136.25p	1 July 1995	1 July 2002
DB Margrett	200,000	-	200,000	166p	8 Dec 1997	8 Dec 2004
MJ Caley	100,000	-	100,000	166p	8 Dec 1997	8 Dec 2004

No options lapsed during the year. The market price of the shares at 31 March 1996 was 148p and the range during 1995/6 was 126p to 185p.

**NOTES TO THE ACCOUNTS - 31 MARCH 1996 (Continued)**17. **MOVEMENT IN SHAREHOLDERS' FUNDS**

	<u>1996</u>	<u>1995</u>
	£	£
Shares issued during the year	886,076	4,999,900
Profit for the year	34,135	79,350
Opening shareholders' funds	5,162,170	82,920
 Closing shareholders' funds	<u>6,082,381</u>	<u>5,162,170</u>