

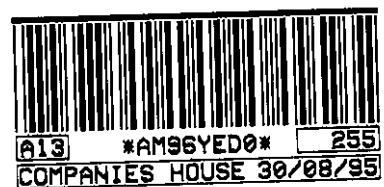
245562.



WREN HOLDINGS LIMITED

ANNUAL REPORT AND ACCOUNTS

31st DECEMBER 1994





WREN HOLDINGS LIMITED

ANNUAL REPORT AND ACCOUNTS

31st DECEMBER 1994

CONTENTS

	<u>Page</u>
Directors and Officers	1
Directors' Report	2-4
Auditors' Report	5
Consolidated Profit and Loss Account	6
Consolidated Balance Sheet	7
Balance Sheet	8
Group Cash Flow Statement	9
Notes to the Accounts	10-22



WREN HOLDINGS LIMITED

DIRECTORS AND OFFICERS

Directors

N.C. Haydon (Chairman)
R. Belloc Lowndes
G.L. Davis
H.R. Dobinson
A.F. Jackson
A. Shone
A.I.G.C. South
R.E. Stone
P.D. Nicholas (Non-executive)

Secretary

R.G. Bissett, F.C.C.A., F.C.I.S.

Registered Office

12, Arthur Street
London
EC4R 9AB
Registered in England No. 2245562

Auditors

Cocke, Vellacott & Hill
29 Weymouth Street
London
WIN 3FJ

Solicitors

Crockers
10 Gough Square
London
EC4A 3NJ

Bankers

Coutts & Co
15 Lombard Street
London
EC3V 9AU



WREN HOLDINGS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31st December 1994.

Principal activities

The company is a holding and management company. During 1994 its principal operating subsidiaries were Wren Underwriting Agencies Limited, an approved Lloyd's members' agent, Wren Syndicates Management Limited, an approved Lloyd's managing agent and Wren Group Services Limited, a management company providing accounting and administrative services to the other trading companies in the group. The remaining trading subsidiary companies act as Lloyd's syndicate service companies apart from one which acts as a Lloyd's syndicate consortium management company and in which the group acquired a 51% interest on 30th September 1994.

Review of business

The underwriting premium capacity of the syndicates under management was £421 million (1993 - £368 million). The members' agency was responsible for 729 active Names who had a capacity on the managed syndicates of £74 million (1993 - £81 million) and an additional £249 million (1993 - £134 million) of capacity on syndicates managed by other Lloyd's agents.

Profit commission received in 1994 from the members' agency activities which relates to the 1991 account has been affected by the horizontal deficit clause introduced for the 1990 year of account under which the results of loss making syndicates had been included for the first time. This change together with the generally poor outcome of the 1991 account in the Lloyd's market resulted in reduced income from this source.

Profit commission receivable from managing agency activities is affected by a vertical deficit clause introduced with effect from the 1991 account. Under this clause losses from that year of account are carried forward and deducted from profits arising on the same syndicates in the following year of account.

The group maintained Errors and Omissions insurance cover in respect of its managing and members' agency activities which expired on 14th April 1993 and 30th June 1993 respectively. Due to the withdrawal of insurers from this market it has not been possible to renew this insurance.

In the opinion of the directors the state of affairs of the group at the end of the year was satisfactory.

Result and dividends

The profit for the year attributable to shareholders amounts to £1,498,647. A first interim dividend of 12.0p per share (1993 - 12.0p) was paid to shareholders on 18th November 1994 and a second interim dividend of 15.0p per share (1993 - Nil) was paid on 6th April 1995.

The directors do not propose a final dividend on the Ordinary shares (1993 - 15.0p).

After payment of these dividends an amount of £742,647 will be transferred to reserves.



REPORT OF THE DIRECTORS (Continued)

Subsequent events

Since the year end the whole of the issued share capital of the company has been acquired by Wren Holdings Group Plc. which is now this company's ultimate holding company.

Fixed assets

Details of movements in the group's tangible fixed assets during the year are given in note 9 to the accounts.

Directors

The names of the directors of the company as at the date of this report are listed on page 1, all of whom served throughout the year under review, except for Mr. R. Belloc Lowndes who was appointed a director on the 8th April 1994. Details of the interests of directors in the shares and options over shares of the company and its subsidiaries are given in note 25 to the accounts.

Directors' responsibilities for the financial statements

The directors are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for the year then ended. In preparing these financial statements, the directors are required to:-

- select suitable accounting policies and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



WREN HOLDINGS LIMITED

REPORT OF THE DIRECTORS (Continued)

Directors liability insurance

During the year the company purchased and maintained liability insurance for its directors and those of its main operating companies, Wren Underwriting Agencies Limited and Wren Syndicates Management Limited, as permitted by Section 310(3) of the Companies Act 1985.

Disabled persons

It is the company's policy to give full consideration to suitable applications for employment by disabled persons.

Employee involvement

The company is committed to involve all employees in the performance and development of the group. Employees are encouraged to discuss matters of interest and subjects affecting day to day operations of the group.

Donations

No political contributions were made during 1994 (1993 - £1,000 to the Conservative Party). Charitable donations in the year amounted to £20,900 (1993 - £5,500). No further contributions were made in 1994 to the Lloyd's Hardship Support Fund (1993 - £60,000).

Auditors

The auditors, Cocke, Vellacott & Hill, have signified their willingness to continue in office and a resolution proposing their re-appointment will be put to the forthcoming Annual General Meeting.

By Order of the Board

R.G. BISSETT
Secretary

26th June 1995



WREN HOLDINGS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF WREN HOLDINGS LIMITED

We have audited the financial statements on pages 6 to 22 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described in the Report of the Directors on page 3, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion based on our audit of 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 mis-statement, 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 31st December 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

COCKE, VELLACOTT & HILL

Registered Auditor
Chartered Accountants
29 Weymouth Street
London
W1N 3FJ

26th June 1995



WREN HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
Turnover - continuing operations	1(d) & 2	6,797,190	5,573,581
Administrative expenses		<u>5,048,196</u>	<u>4,159,713</u>
Group operating profit - continuing operations	3	1,748,994	1,413,868
Interest receivable and similar income	4	<u>495,442</u>	<u>461,809</u>
Profit on ordinary activities before taxation		2,244,436	1,875,677
Taxation	7	<u>745,789</u>	<u>431,093</u>
Profit on ordinary activities after taxation		1,498,647	1,444,584
Dividends - paid and proposed	8	<u>756,000</u>	<u>756,000</u>
Retained profit for the year	16	<u>£ 742,647</u>	<u>£ 688,584</u>
Earnings per 25p Ordinary share		53.5p	51.6p

The group has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

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

The notes on pages 10 to 22 form part of these accounts



WREN HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st DECEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
Fixed assets			
Tangible assets	9	4,235,346	3,862,838
Investments	10	<u>3,317,107</u>	<u>1,162,707</u>
		7,552,453	5,025,545
Current assets			
Debtors	11	2,899,727	2,037,366
Cash at bank, deposits and cash in hand	18	<u>4,323,975</u>	<u>6,015,809</u>
		7,223,702	8,053,175
Creditors: Amounts falling due within one year	12	<u>3,731,174</u>	<u>2,771,435</u>
Net current assets (liabilities)		3,492,528	5,281,740
Total assets less current liabilities		11,044,981	10,307,285
Provisions for liabilities and charges	13	<u>77,000</u>	<u>82,000</u>
Net assets		<u>£ 10,967,981</u>	<u>£ 10,225,285</u>
Capital and reserves			
Called up share capital	14	700,000	700,000
Profit and loss account	16	<u>10,267,865</u>	<u>9,525,218</u>
Shareholders' funds	15	10,967,865	10,225,218
Minority interests	18	<u>116</u>	<u>67</u>
		<u>£ 10,967,981</u>	<u>£ 10,225,285</u>

Approved by the Board of Directors on 26th June 1995
and signed on their behalf by:-

A.F. JACKSON)

) Directors

N.C. HAYDON)

A.F. Jackson
N.C. Haydon

The notes on pages 10 to 22 form part of these accounts



WREN HOLDINGS LIMITED

BALANCE SHEET AS AT 31st DECEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
Fixed assets			
Tangible assets	9	478,842	473,382
Investments	10	<u>5,394,591</u>	<u>3,140,191</u>
		5,873,433	3,613,573
Current assets			
Debtors	11	5,187,394	4,451,852
Cash at bank, deposits		<u>2,878,850</u>	<u>3,758,272</u>
		8,066,244	8,210,124
Creditors: Amounts falling due within one year	12	<u>3,337,603</u>	<u>2,171,452</u>
Net current assets (liabilities)		4,728,641	6,038,672
Total assets less current liabilities		<u>£ 10,602,074</u>	<u>£ 9,652,245</u>
Capital and reserves			
Called up share capital	14	700,000	700,000
Profit and loss account	16	<u>9,902,074</u>	<u>8,952,245</u>
Shareholders' funds	15	<u>£ 10,602,074</u>	<u>£ 9,652,245</u>

Approved by the Board of Directors on 26th June 1995
and signed on their behalf by:-

A.F. JACKSON

)

) Directors

N.C. HAYDON

)

The notes on pages 10 to 22 form part of these accounts



WREN HOLDINGS LIMITED

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER 1994

	Notes	1994	1993
Net cash inflow (outflow) from operating activities	17	<u>2,717,850</u>	<u>2,067,194</u>
Returns on investments and servicing of finance			
Interest receivable		376,733	403,115
Dividends received from other investments		119,133	11,054
Dividends paid		<u>(756,000)</u>	<u>(756,000)</u>
Net cash inflow (outflow) from returns on investments and servicing of finance		<u>(260,134)</u>	<u>(341,831)</u>
Taxation			
Corporation tax paid		<u>(477,515)</u>	<u>(887,471)</u>
Net cash outflow from taxation		<u>(477,515)</u>	<u>(887,471)</u>
Investing activities			
Purchase of tangible fixed assets		(1,674,806)	(2,686,745)
Proceeds of sale of tangible fixed assets		155,066	136,136
Minority shareholding in company acquired		49	-
Purchase of UK listed shares and Gilts		(2,220,639)	(1,438,606)
Proceeds of sale of UK listed shares		<u>68,295</u>	<u>323,959</u>
Net cash inflow (outflow) from investing activities		<u>(3,672,035)</u>	<u>(3,665,256)</u>
Net cash inflow (outflow) before financing activities		(1,691,834)	(2,827,364)
Financing activities			
Net cash inflow (outflow) from financing activities		<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	18	<u>£ (1,691,834)</u>	<u>£ (2,827,364)</u>

The notes on pages 10 to 22 form part of these accounts



**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st DECEMBER 1994**

1. Accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Basis of consolidation

The group accounts incorporate the financial statements of Wren Holdings Limited and all its subsidiaries made up to the end of the financial year. Subsidiaries acquired during the year are included from date of acquisition.

No profit and loss account is presented for Wren Holdings Limited as permitted by Section 230(2) of the Companies Act 1985.

(c) Other fixed asset investments

Other fixed asset investments are stated at cost less provisions for any permanent diminution in value. For listed investments, market value is based on the closing middle market price on a recognised stock exchange. Dividends and other loan stock interest (including associated tax credits and income tax) are accounted for on a receipts basis.

(d) Turnover

Turnover consists of underwriting salaries and fees and underwriting profit commission representing net amounts receivable from the provision of services to underwriting Names at Lloyd's, together with Lloyd's syndicate consortium management fees.

Underwriting profit commission is receivable subsequent to the closing of a syndicate's underwriting year at the end of three calendar years, and is accounted for on a receipts basis.

Other operating income consists of charges made to syndicates managed by the group for the use of fixed assets.

(e) Expenses

Specific expenses incurred on behalf of the managed syndicates are recharged directly to those syndicates and only residual costs borne by the group are charged to the profit and loss account, on an incurred basis.

Depreciation arising on fixed assets used by the managed syndicates is charged to those syndicates and the credit is included in other operating income.

(f) Deferred expenditure

Significant expenditure incurred on the development of computer software is carried forward as deferred expenditure until the software is brought into use.

Deferred expenditure also includes certain other expenditure on computer systems, mainly licences, where the benefit of the expenditure is considered to extend over a number of years.

All such expenditure is recovered by charges made over appropriate periods to users, principally the managed syndicates.



WREN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31st DECEMBER 1994

1. Accounting policies (continued)

(g) Depreciation

No depreciation has been charged on freehold land. Depreciation is calculated so as to write off the value of freehold buildings and cost of other tangible fixed assets over their estimated useful economic lives on a straight line basis as follows:-

Freehold buildings	- 2% per annum
Office refurbishment costs, computers (except personal computers and visual display units), office machinery, furniture and equipment	- 20% per annum
Motor vehicles and visual display units	- 25% per annum
Personal computers	- 33.34% per annum

In previous years personal computers and visual display units were depreciated at 20% per annum. The effect of this change in estimated useful economic lives is not considered to be material.

(h) Deferred taxation

Provision is made at the expected rates of Corporation tax for taxation deferred by differences in timing in the recognition of income and expenditure for accounting and taxation purposes.

(i) Leased assets

Rentals in respect of assets held under operating leases are charged to the profit and loss account as incurred.

(j) Pension benefits

Pension benefits are funded over employees' periods of service. Contributions are based on the recommendation of the actuary following the valuation of the fund and are charged to the profit and loss account as incurred.

2. Turnover

	<u>1994</u>	<u>1993</u>
Underwriting salaries and fees	4,367,488	4,174,465
Underwriting profit commission	865,841	754,431
Consortium management fees	325,926	-
	<u>5,559,255</u>	<u>4,928,896</u>
Management fees and other operating income	1,237,935	644,685
	<u>£ 6,797,190</u>	<u>£ 5,573,581</u>



WREN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31st DECEMBER 1994

3. Group operating profit - continuing operations

This is arrived at after charging (crediting):-

	<u>1994</u>	<u>1993</u>
	£	£
Auditors' remuneration - Audit work	35,225	32,350
- Non-audit work	12,725	12,380
Depreciation of tangible fixed assets	1,231,268	725,966
Profit on disposal of tangible fixed assets	(84,036)	(59,572)
Leasehold property rents paid	375,906	327,767
Management fees to consortium leaders	180,442	-
Rental income received	(42,000)	(42,000)
Redundancy payments	232,584	-
Staff costs - Salaries (including profit commission)	1,413,990	1,341,421
- Social security costs	136,267	136,410
- Other pension costs	<u>267,555</u>	<u>290,196</u>

The staff costs shown above are after recharges of employment costs of certain employees to the syndicates managed by the group. (See notes 5 and 6 below)

4. Interest receivable and similar income

	<u>1994</u>	<u>1993</u>
Bank deposit interest	223,272	380,798
Other interest	150,981	22,317
Income from UK listed investments	119,133	11,054
Profit on sale of UK listed investments	<u>2,056</u>	<u>47,640</u>
	<u>£ 495,442</u>	<u>£ 461,809</u>

5. Staff costs

	<u>1994</u>	<u>1993</u>
(a) The average number of persons employed in the activities of the group and syndicates managed by it during the year was as follows:-		
Management	23	20
Administration	<u>467</u>	<u>481</u>
	<u>490</u>	<u>501</u>

(b) Their aggregate employment costs were:-

Salaries (including profit commission)	8,520,933	7,806,148
Social security costs	693,016	642,348
Other pension costs	<u>1,485,469</u>	<u>1,410,256</u>
	<u>£ 10,699,418</u>	<u>£ 9,858,752</u>

The employment costs of certain of these employees (which include the directors) are charged to the Lloyd's syndicates which are managed by the group and are not included in the expenses in the profit and loss account.



WREN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31ST DECEMBER 1994

6. Directors' emoluments

	<u>1994</u>	<u>1993</u>
(a) Emoluments borne by the group :-		
Management remuneration, profit commission and pension costs	£ <u>1,320,457</u>	£ <u>980,872</u>

	<u>1994</u>	<u>1993</u>
(b) The management remuneration and profit commission (excluding pension costs) was paid as follows:-		
The Chairman - N.C. Haydon to 4.7.94	£ 55,490	£ 108,832
- A.F. Jackson from 4.7.94	£ <u>72,629</u>	<u>-</u>
Highest paid director	£ <u>261,777</u>	£ <u>167,274</u>

The other directors were remunerated, including profit commission in respect of earlier years within the following ranges:-

	<u>1994</u>	<u>1993</u>
£5,001 - £10,000	1	1
£40,001 - £45,000	1	-
£55,001 - £60,000	1	-
£60,001 - £65,000	1	-
£65,001 - £70,000	-	1
£80,001 - £85,000	-	1
£85,001 - £90,000	1	-
£100,001 - £105,000	-	1
£110,001 - £115,000	1	-
£125,001 - £130,000	-	1
£140,001 - £145,000	-	1
£170,001 - £175,000	1	-
£250,001 - £255,000	1	-

7. Taxation

	<u>1994</u>	<u>1993</u>
Provision for Corporation tax on the profit on ordinary activities for the year at 33% (1993 - 33%)	827,017	496,666
Transfer (from) to deferred taxation	(5,000)	82,000
Adjustment for prior years	<u>(76,228)</u>	<u>(147,573)</u>
	£ <u>745,789</u>	£ <u>431,093</u>



WREN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31st DECEMBER 1994

8. Dividends - paid and proposed

	<u>1994</u>	<u>1993</u>
Interim dividend of 12.0p per share paid 18th November 1994 (1993 - 12.0p)	336,000	336,000
Second interim dividend of 15.0p per share paid 6th April 1995 (1993- Nil)	420,000	-
Proposed final dividend of Nil (1993 - 15.0p per share)	<u>-</u>	<u>420,000</u>
	<u>£ 756,000</u>	<u>£ 756,000</u>

9. Tangible fixed assets

<u>Group</u>	<u>Freehold property</u>	<u>Office refurbishment</u>	<u>Computers and office machinery, furniture and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
Cost					
At 1st January 1994	491,231	263,417	4,884,583	1,240,420	6,879,651
Additions	18,000	7,938	1,180,870	467,998	1,674,806
Disposals and items written off	-	-	(481,543)	(309,601)	(791,144)
At 31st December 1994	<u>509,231</u>	<u>271,355</u>	<u>5,583,910</u>	<u>1,398,817</u>	<u>7,763,313</u>
Depreciation					
At 1st January 1994	17,849	247,197	2,031,198	720,569	3,016,813
Charge for the year	12,540	19,537	888,068	311,123	1,231,268
Relating to disposals and write offs	-	-	(472,300)	(247,814)	(720,114)
At 31st December 1994	<u>30,389</u>	<u>266,734</u>	<u>2,446,966</u>	<u>783,878</u>	<u>3,527,967</u>
Net book values					
31st December 1994	<u>£ 478,842</u>	<u>£ 4,621</u>	<u>£ 3,136,944</u>	<u>£ 614,939</u>	<u>£ 4,235,346</u>
31st December 1993	<u>£ 473,382</u>	<u>£ 16,220</u>	<u>£ 2,853,385</u>	<u>£ 519,851</u>	<u>£ 3,862,838</u>

Company

The freehold property shown above is owned by Wren Holdings Limited. In the opinion of the directors the market value of the property at 31st December 1994 was not materially different from its net book value at that date of £478,842.



WREN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31st DECEMBER 1994

10. Fixed asset investments

<u>Group</u>	<u>Trade</u> <u>investments</u>	<u>Other</u> <u>investments</u>	<u>Total</u>
Cost			
At 1st January 1994	49,484	1,162,287	1,211,771
Additions	-	2,220,639	2,220,639
Disposals	-	(66,239)	(66,239)
At 31st December 1994	<u>49,484</u>	<u>3,316,687</u>	<u>3,366,171</u>
Amounts written off			
At 1st January and 31st December 1994	<u>49,064</u>	<u>-</u>	<u>49,064</u>
Net book values			
At 31st December 1994	£ <u>420</u>	£ <u>3,316,687</u>	£ <u>3,317,107</u>
At 31st December 1993	£ <u>420</u>	£ <u>1,162,287</u>	£ <u>1,162,707</u>

<u>Company</u>	<u>Interests</u> <u>in group</u> <u>undertakings</u>	<u>Trade</u> <u>investments</u>	<u>Other</u> <u>investments</u>	<u>Total</u>
Cost				
At 1st January 1994	1,977,904	49,064	1,162,287	3,189,255
Additions	100,000	-	2,220,639	2,320,639
Disposals	-	-	(66,239)	(66,239)
At 31st December 1994	<u>2,077,904</u>	<u>49,064</u>	<u>3,316,687</u>	<u>5,443,655</u>
Amounts written off				
At 1st January and 31st December 1994	<u>-</u>	<u>49,064</u>	<u>-</u>	<u>49,064</u>
	<u>-</u>	<u>49,064</u>	<u>-</u>	<u>49,064</u>
Net book values				
At 31st December 1994	£ <u>2,077,904</u>	£ <u>Nil</u>	£ <u>3,316,687</u>	£ <u>5,394,591</u>
At 31st December 1993	£ <u>1,977,904</u>	£ <u>Nil</u>	£ <u>1,162,287</u>	£ <u>3,140,191</u>

Trade investments consist of two shareholdings as follows:-

(a) Lutine Assurance Services Limited (cost - £420)

Wren Syndicates Management Limited, a wholly owned subsidiary owns 14% of the issued share capital of this company, a life assurance marketing company, which was formed in early 1989 in conjunction with other Lloyd's underwriting agency companies as part of the management of their respective life syndicates.



WREN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31st DECEMBER 1994

10. Fixed asset investments (continued)

(b) Willow Associates Limited (cost - £49,064)

Wren Holdings Limited owns 40% of the issued share capital of this company, which specialises in corporate entertainment.

The directors are of the opinion that the group does not exercise significant influence over the operating and financial policy of Willow Associates Limited and has no requirement to provide it with financial support. The group's interest has therefore been accounted for as a trade investment.

In view of the downturn in profitability of this company since acquisition, full provision has been made against the cost of acquiring the interest.

Other investments consist of UK listed equity shares and Gilts and are shown at cost. Their market value at 31st December 1994 was £3,217,998.

Details of subsidiary companies are given in note 23.

11. Debtors

	<u>Group</u>		<u>Company</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
Due within one year:-				
Trade debtors	1,110,064	173,000	-	-
Amounts due from subsidiary companies	-	-	4,831,242	3,975,129
Amounts due from managed syndicates	608,423	797,237	-	84,000
Other debtors	270,981	111,687	870	-
Taxation recoverable	125,149	323,911	125,149	218,911
Prepayments and accrued income	218,671	174,200	40,600	2,229
Deferred expenditure recoverable	<u>114,623</u>	<u>83,020</u>	<u>-</u>	<u>-</u>
	2,447,911	1,663,055	4,997,861	4,280,269
Due after one year:-				
Deferred expenditure recoverable	176,970	108,441	-	-
Other debtors	15,000	15,000	-	-
Loans to provide underwriting deposits at Lloyd's	154,846	145,870	84,533	66,583
Taxation recoverable	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>
	<u>£ 2,899,727</u>	<u>£ 2,037,366</u>	<u>£ 5,187,394</u>	<u>£ 4,451,852</u>



WREN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31st DECEMBER 1994

12. Creditors:

	<u>Group</u>		<u>Company</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
Amounts falling due within one year:-				
Trade creditors	1,690,759	808,208	-	-
Amounts due to subsidiary companies	-	-	2,658,492	1,498,015
Amounts due to managed syndicates	105,706	136,506	-	-
Other creditors	228,847	366,412	-	2,879
Corporation tax payable	925,759	848,396	246,738	243,318
Proposed dividend	420,000	420,000	420,000	420,000
Accruals and deferred income	360,103	191,913	12,373	7,240
	<u>£ 3,731,174</u>	<u>£ 2,771,435</u>	<u>£ 3,337,603</u>	<u>£ 2,171,452</u>

13. Provisions for liabilities and charges

Deferred taxation:

The liabilities for deferred taxation have been fully provided as follows:-

	<u>1994</u>	<u>1993</u>
Capital allowances in advance of depreciation	£ <u>77,000</u>	£ <u>82,000</u>

14. Authorised and called up share capital

	<u>1994</u>	<u>1993</u>
Authorised:		
4,000,000 Ordinary shares of 25p each	<u>£1,000,000</u>	<u>£1,000,000</u>
Issued and fully paid		
2,800,000 Ordinary shares of 25p each	<u>£700,000</u>	<u>£700,000</u>

At 31st December 1994 options had been granted over 109,000 (1993 - 121,500) ordinary shares of 25p each under the Employees Share Option Scheme exercisable at dates between 1994 and 2001, with a subscription price of £2.50 per share. Since the year end these options have been bought out by the new ultimate holding company, Wren Holding Group Plc.

15. Reconciliation of movements in shareholders' funds

	<u>Group</u>		<u>Company</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
Profit for the year	1,498,647	1,444,584	1,705,829	1,563,572
Dividends - paid and proposed	<u>(756,000)</u>	<u>(756,000)</u>	<u>(756,000)</u>	<u>(756,000)</u>
Net increase in shareholders' funds	742,647	688,584	949,829	807,572
Shareholders' funds at 1st January	<u>10,225,218</u>	<u>9,536,634</u>	<u>9,652,245</u>	<u>8,844,673</u>
Shareholders' funds at 31st December	<u>£ 10,967,865</u>	<u>£ 10,225,218</u>	<u>£ 10,602,074</u>	<u>£ 9,652,245</u>



WREN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31st DECEMBER 1994

16. Profit and loss account

In accordance with the exemption allowed by Section 230(2) of the Companies Act 1985 the company has not presented its own profit and loss account. The profit for the financial year dealt with in the accounts of the company was £1,705,829 (1993 - £1,563,572).

Movements in retained profits are as follows:-

	<u>Group</u>	<u>Company</u>
At 1st January 1994	9,525,218	8,952,245
Retained profit for the year	<u>742,647</u>	<u>949,829</u>
At 31st December 1994	<u>£ 10,267,865</u>	<u>£ 9,902,074</u>

17. Reconciliation of group operating profit to net cash inflow (outflow) from operating activities

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Group operating profit	1,749,365	1,413,868
Depreciation charged	1,231,268	725,966
(Increase) decrease in debtors	(1,061,123)	169,318
Increase (decrease) in creditors	882,376	(182,386)
Profit on sale of fixed assets	<u>(84,036)</u>	<u>(59,572)</u>
Net cash inflow from operating activities	<u>£ 2,717,850</u>	<u>£ 2,067,194</u>

18. Analysis of movements in cash and cash equivalents

	<u>Cash at bank and in hand</u>	<u>Overdrafts</u>	<u>Net cash 1994</u>	<u>Net cash 1993</u>
At 1st January	6,115,374	(99,565)	6,015,809	8,843,173
Net increase(decrease) in cash and cash equivalents	<u>(572,149)</u>	<u>(1,119,685)</u>	<u>(1,691,834)</u>	<u>(2,827,364)</u>
At 31st December	<u>£ 5,543,225</u>	<u>(1,219,250)</u>	<u>£ 4,323,975</u>	<u>£ 6,015,809</u>

19. Minority interests

	<u>Group</u>	
	<u>1994</u>	<u>1993</u>
Shares held in subsidiary companies, at nominal value	£ 116	£ 67



WREN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31st DECEMBER 1994

20. Financial commitments

Authorised future capital expenditure amounted to:-

	<u>Group</u>		<u>Company</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
Contracted	88,312	308,962	-	-
Non-contracted	-	38,480	-	-
	<u>£ 88,312</u>	<u>£ 347,442</u>	<u>£ Nil</u>	<u>£ Nil</u>

The annual commitment under non-cancellable operating leases was as follows :-

<u>Group</u>	<u>Plant and machinery</u>		<u>Land and buildings</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
Leases expiring;				
Within one year	-	113,554	79,884	-
Within two to five years	-	-	48,937	200,521
Thereafter	-	-	798,245	786,920
	<u>£ Nil</u>	<u>£ 113,554</u>	<u>£ 927,066</u>	<u>£ 987,441</u>

Company

Leases expiring;

Within two to five years	<u>£ Nil</u>	<u>£ Nil</u>	<u>£ £6,300</u>	<u>£ £3,000</u>
--------------------------	--------------	--------------	-----------------	-----------------

21. Contingent liability

A number of writs have been issued and claims made alleging that Managing Agents and Members' Agents have not conducted and managed with reasonable care and skill the Names' interests with regard to syndicates. We are aware that Wren Syndicates Management Ltd. and/or Wren Underwriting Agencies Ltd. and/or one of their predecessor companies are named in ten writs. All these writs and claims are being defended vigorously.



WREN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31st DECEMBER 1994

22. Pensions

The Wren Holdings Limited group operates a pension scheme providing benefits for its employees based on final pensionable emoluments. The assets of the Scheme are held in a separate trustee administered fund. The most recent completed actuarial valuation of the Scheme was carried out as at 31st July 1991 using the attained age method of valuation. The actuarial assumptions made for the investigation were that the investment returns would be 9% per annum, salary increases would average 7% per annum and that present and future pensions for members retiring from the Scheme would increase at the rate of 6% per annum. The Scheme's assets at 31st July 1991 taken at a value of £21.2 million, were 103% of the value of benefits that had accrued to members after allowing for expected future increases in earnings. The then surplus of £0.7 million will be eliminated over the working lifetimes of existing members at the current employer's contribution rate of 26.8% of salaries.

An actuarial investigation as at 31st July 1994 is in the course of completion.

23. Subsidiary companies

	<u>Shareholding</u>		<u>Preferred</u>
	<u>Voting</u>	<u>Non-voting</u>	<u>Ordinary</u>
a) Trading companies			
Lloyd's members' agent:-			
Wren Underwriting Agencies Limited	77.5%*	100%*	n/a
Lloyd's adviser:-			
Wren Lloyd's Advisers Limited	100%	n/a	n/a
Lloyd's managing agent:-			
Wren Syndicates Management Limited	76%*	100%*	n/a
Service companies:-			
Wren Group Services Limited	100%*	n/a	n/a
Adelaide Insurance Services Limited	100%	n/a	n/a
Paladin Insurance Association Limited	100%	n/a	100%
Sackville Insurance Services Limited	100%	n/a	n/a
Wren Insurance Services Limited	100%	n/a	n/a
Marham Consortium Management Limited	51%	n/a	n/a
b) Non-trading companies			
Former Lloyd's underwriting agency companies:-			
Robt. Bradford (Underwriting) Limited	100%*	100%*	100%*
Alan Jackson (Underwriting Agencies) Limited	100%	100%	Nil
Gray McKay Forbes (Underwriting Agencies) Limited	100%	100%	Nil
E.R.H. Hill (Agencies) Limited	100%	100%	100%
Joseph W. Hobbs & Co. Limited	100%	100%	100%
Former service company			
Anchor Insurance Agencies Limited	100%	n/a	n/a

* Direct shareholding by Wren Holdings Limited.



WREN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31st DECEMBER 1994

23. Subsidiary companies (continued)

The 51% interest in Marham Consortium Management Limited was acquired on 30th September 1994.

The "A" voting shares of Wren Underwriting Agencies Limited and Wren Syndicates Management Limited do not confer any rights to participate in profits or surplus assets of those companies.

All the above companies are registered in England.

24. Ultimate holding company

Since the year end the whole of the issued share capital of the company has been acquired by Wren Holdings Group Plc., registered in England which is now this company's ultimate holding company.

25. Directors' interests

The interests of the directors in the share capital of the company at 1st January 1994 and 31st December 1994, according to the register of directors' interests, were as follows:-

	Ordinary shares of 25p each			
	Shares		Options	
	31st December 1994	1st January 1994 *	31st December 1994	1st January 1994 *
A.F. Jackson	254,000	254,000	-	-
A.F. Jackson (as trustee non-beneficial)	21,000	21,000	-	-
R. Belloc Lowndes	105,000	105,000	-	-
G.L. Davis	110,000	110,000	-	-
H.R. Dobinson	154,200	154,200	-	-
N.C. Haydon	132,000	132,000	-	-
P.D. Nicholas	-	-	-	-
A. Shone	140,930	140,930	7,000	7,000
A.I.G.C. South	9,000	9,000	7,000	7,000
R.E. Stone	85,200	85,200	7,000	7,000

In addition the directors' interests in the share capital of subsidiary companies at 1st January 1994 and 31st December 1994 were as follows:-

(a) Wren Underwriting Agencies Limited

	'A' voting shares of 1p each	
	31st December	1st January
	1994	1994*
N.C. Haydon	322	322
R. Belloc Lowndes	321	321
G.L. Davis	322	322
A.I.G.C. South	321	321

* or date of subsequent appointment.



WREN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31ST DECEMBER 1994

25. Directors' interests (continued)

(b) Wren Syndicates Management Limited

	'A' voting shares of 1p each	
	<u>31st December</u> 1994	<u>1st January</u> 1994 *
A.F. Jackson	172	172
R. Belloc Lowndes	172	172
G.L. Davis	172	172
H.R. Dobinson	172	172
N.C. Haydon	172	172
A. Shone	171	171
R.E. Stone	171	171

(c) Alan Jackson (Underwriting Agencies) Limited

	Preferred Ordinary shares of 1p each	
	<u>31st December</u> 1994	<u>1st January</u> 1994*
N.C. Haydon	78	78
R. Belloc Lowndes	155	155
A.F. Jackson	316	316
A.F. Jackson (as trustee non-beneficial)	98	98
A. Shone	181	181

(d) Gray McKay Forbes (Underwriting Agencies) Limited

	Preferred Ordinary shares of 1p each	
	<u>31st December</u> 1994	<u>1st January</u> 1994
N.C. Haydon	82	82
G.L. Davis	55	55

* or date of subsequent appointment.

All the directors, except Mr. P.D. Nicholas, are members of Lloyd's and Wren Underwriting Agencies Limited, as an approved Lloyd's members' agent, acts for them in respect of their underwriting. This service is rendered for syndicates managed by the group at reduced rates.