

Company registration number: 2292251

TOWN & COUNTRY LEGAL PROTECTION LIMITED

Financial Statements

31st August 1996



Chartered Accountants



TOWN & COUNTRY LEGAL PROTECTION LIMITED

Financial Statements

31st August 1996

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TOWN & COUNTRY LEGAL PROTECTION LIMITED

Report of the Directors

The Directors present their report and the audited financial statements for the year ended 31st August 1996.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation amounts to £108,663.

An interim dividend of £18,000 was declared and paid on ordinary shares.
The Directors do not recommend the payment of a final ordinary dividend.
Preference dividends of £6,450 have been declared and paid.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company during the year under review was the handling and assessment of motor claims together with the provision of legal expenses insurance to motorists and householders.

The company has performed very well during the year.

The Accident Management business has experienced continued growth and now represents a major part of the company's activities. Competition for High Street Broker business remains fierce.

However strong product differentiation and effective marketing have combined to maintain our position in that market. Turnover year on year has again more than doubled and shareholders funds and net assets have each increased by more than 50%.

The directors are confident that the company will continue to grow in the forthcoming year.

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the year and their interests in the share capital of the Company at 31st August 1996 and 31st August 1995 were as follows:

		1996 No.	1995 No.
B Agnew	Ordinary Shares	35,940	1,797
TTM Agnew	Ordinary Shares	13,620	681
	Preference Shares	53,750	53,750
SJCK Agnew	Ordinary Shares	12,900	645
J Barker	Ordinary Shares	-	-

TAXATION

The Company is a close company, as defined by Section 414 of the Income and Corporation Taxes Act 1988.

TOWN & COUNTRY LEGAL PROTECTION LIMITED**Report of the Directors**

AUDITORS

A resolution to re-appoint Cooper Lancaster Brewers as auditors for the ensuing year will be proposed at the Annual General Meeting.

By Order of the Board


BH Pull

Secretary

31st October 1996

TOWN & COUNTRY LEGAL PROTECTION LIMITED

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the Company and profit or loss of that year. In preparing those financial statements, the Directors are required to :

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF TOWN & COUNTRY LEGAL PROTECTION LIMITED

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of Directors and Auditors

As described on page 3, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on 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 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 31st August 1996 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Cooper Lancaster Brewers
Chartered Accountants
Registered Auditors

London

31st October 1996

TOWN & COUNTRY LEGAL PROTECTION LIMITED

Profit and Loss Account for the Year Ended 31st August 1996

Notes	1996 £	1995 £
2 TURNOVER - continuing operations	2,920,276	1,242,579
Cost of sales	(2,068,268)	(654,642)
GROSS PROFIT	852,008	587,937
Distribution costs	(16,295)	(18,099)
Administrative expenses	(697,048)	(449,546)
3 OPERATING PROFIT - continuing operations	138,665	120,292
6 Interest receivable and similar income	23,527	9,894
	162,192	130,186
7 Interest payable and similar charges	(3,108)	(2,616)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	159,084	127,570
8 Taxation on profit on ordinary activities	(50,421)	(35,159)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	108,663	92,411
9 Dividends	(24,450)	(22,450)
18 RETAINED PROFIT FOR THE FINANCIAL YEAR	84,213	69,961

The analysis of dividends in respect of non-equity shares is shown in note 9.

Statement of Total Recognised Gains and Losses

The profit on ordinary activities, after taxation, as stated above recognises all gains and losses for the year, as defined by the Financial Reporting Standard No. 3.

The notes on pages 7 to 14 form part of these financial statements.

TOWN & COUNTRY LEGAL PROTECTION LIMITED

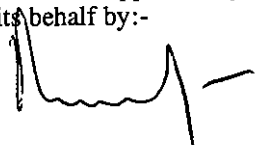
Balance Sheet as at 31st August 1996

Notes	1996 £	1995 £
FIXED ASSETS		
10 Tangible assets	115,999	74,093
11 Investments	-	2
	<u>115,999</u>	<u>74,095</u>
CURRENT ASSETS		
12 Stocks	20,620	29,510
13 Debtors	903,820	303,893
Cash at bank and in hand	306,920	198,651
	<u>1,231,360</u>	<u>532,054</u>
14 CREDITORS: Amounts falling due within one year	<u>(903,216)</u>	<u>(343,689)</u>
NET CURRENT ASSETS	<u>328,144</u>	<u>188,365</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>444,143</u>	<u>262,460</u>
15 PROVISION FOR LIABILITIES AND CHARGES	<u>(204,076)</u>	<u>(106,606)</u>
	<u>240,067</u>	<u>155,854</u>
CAPITAL AND RESERVES		
16 Called up share capital	80,674	80,674
17 Share premium account	15,215	15,215
18 Profit and loss account	144,178	59,965
19 TOTAL SHAREHOLDERS' FUNDS	<u>240,067</u>	<u>155,854</u>

The analysis of shareholders' funds between equity and non-equity interests is shown in note 19.

The financial statements were approved by the board of directors on 31st October 1996, and were signed on its behalf by:-

TTM Agnew



Director

The notes on pages 7 to 14 form part of these financial statements.

TOWN & COUNTRY LEGAL PROTECTION LIMITED

Notes to the Financial Statements for the Year Ended 31st August 1996

1 ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of Accounting

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

Cashflow

The financial statements do not include a cash flow statement because the Company, as a small reporting entity, is exempt from the requirements to prepare such a statement under Financial Reporting Standard 1 "Cash Flow Statements".

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less residual value, of each asset over its expected useful life as follows:

Building Improvements	25% Straight line
Equipment, Fixtures & Fittings	25 - 50% Straight Line

Stocks and Work in Progress

Work in progress represents the costs incurred to date in dealing with cases outstanding at the year end.

Leasing

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the terms of the lease.

Pensions

Pension contributions are charged to the profit and loss account as incurred.

Group Financial Statements

In accordance with the exemption provided by section 248 of the Companies Act 1985 the Company has not prepared group financial statements.

TOWN & COUNTRY LEGAL PROTECTION LIMITED

Notes to the Financial Statements for the Year Ended 31st August 1996

	1996 £	1995 £
2 TURNOVER		
Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. The turnover is attributable to the only activity of the Company.		
An analysis of turnover by geographical market is given below:		
United Kingdom	<u>2,920,276</u>	<u>1,242,579</u>
3 OPERATING PROFIT		
This is stated after charging:		
Depreciation of tangible fixed assets	58,094	25,065
Depreciation of assets held under finance leases	-	2,252
Loss on disposal of fixed assets	-	1,633
Auditors' remuneration	7,500	6,250
Operating lease rentals - plant & machinery	<u>12,251</u>	<u>12,251</u>
4 STAFF COSTS		
Wages and salaries	515,248	263,732
Social security costs	37,081	24,938
Other pension costs	8,827	3,760
	<u>561,156</u>	<u>292,430</u>
The average monthly number of persons employed by the Company during the year was as follows:		
Office management	34	22
Selling and distribution	6	5
Number :	<u>40</u>	<u>27</u>

TOWN & COUNTRY LEGAL PROTECTION LIMITED

Notes to the Financial Statements for the Year Ended 31st August 1996

	1996 £	1995 £
5 DIRECTORS' REMUNERATION		
Directors' emoluments (including pensions)	47,602	36,260
6 INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank interest	23,527	9,894
7 INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loans, overdrafts and other loans	3,072	1,010
Finance charges payable under finance leases and hire purchase contracts	-	1,606
Other interest	36	-
	3,108	2,616
8 TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
The charge based on the results for the year:		
U.K. Corporation tax	52,000	33,600
(Over)/Under provision for tax in respect of prior years:		
U.K. Corporation tax	(1,579)	1,559
	50,421	35,159

TOWN & COUNTRY LEGAL PROTECTION LIMITED

Notes to the Financial Statements for the Year Ended 31st August 1996

	1996 £	1995 £
9 DIVIDENDS		
Ordinary shares - interim paid	18,000	16,000
Preference shares - proposed	-	1,284
- paid	6,450	5,166
	24,450	22,450

The analysis of dividends between equity and non-equity interests is as follows:

Dividends on equity shares	18,000	16,000
Other dividends on non-equity shares	6,450	6,450
	24,450	22,450

10 TANGIBLE FIXED ASSETS

	Equipment Fixtures & Fittings £	Building Improvement £	Total £
Cost:			
1st September 1995	126,905	-	126,905
Additions	72,833	27,167	100,000
31st August 1996	199,738	27,167	226,905
Depreciation:			
1st September 1995	52,812	-	52,812
Charge for the year	54,844	3,250	58,094
31st August 1996	107,656	3,250	110,906
Net book value:			
31st August 1996	92,082	23,917	115,999
1st September 1995	74,093	-	74,093

TOWN & COUNTRY LEGAL PROTECTION LIMITED

Notes to the Financial Statements for the Year Ended 31st August 1996

	1996 £	1995 £
11 FIXED ASSET INVESTMENTS		
Shares in subsidiary undertaking:		
Cost:		
1st September 1995	2	2
Disposal	(2)	-
31st August 1996	-	2
Subsidiary undertaking		
Name of Company	Holding	Country of % held Incorporation Nature of Business
Accident & Credit (Property) Ltd	Ordinary Shares	100 England & Wales Property
12 STOCKS		
Work in progress	20,620	29,510
13 DEBTORS		
Amounts falling due within one year:		
Trade debtors	712,974	185,252
Other debtors	141,337	18,800
Called up share capital not paid	-	15,000
Prepayments and accrued income	49,509	66,431
	903,820	285,483
Due after one year:		
Amounts owed by group undertakings	-	18,410
	903,820	303,893
14 CREDITORS: Amounts falling due within one year		
Payments received on account	-	20,876
Trade creditors	561,323	185,944
Corporation tax	58,113	33,636
Other taxes and social security	36,040	23,051
Other creditors	65,509	17,940
Accruals and deferred income	182,231	62,242
	903,216	343,689

TOWN & COUNTRY LEGAL PROTECTION LIMITED

Notes to the Financial Statements for the Year Ended 31st August 1996

	1996 £	1995 £
15 PROVISION FOR LIABILITIES AND CHARGES		
Other provisions	204,076	106,606
Other provisions		
At 1st September 1995	106,606	77,253
Movement for the year	97,470	29,353
At 31st August 1996	204,076	106,606
This represents the management's calculation of claims accrued against policies issued.		
16 SHARE CAPITAL		
Authorised		
1,000,000 Ordinary Shares of 10p each	100,000	100,000
100,000 Redeemable Preference Shares of £1 each	100,000	100,000
	200,000	200,000
Allotted, called up and fully paid		
269,241 Ordinary Shares of 10p each	26,924	26,924
53,750 Redeemable Preference Shares of £1 each	53,750	53,750
	80,674	80,674
17 SHARE PREMIUM ACCOUNT		
At 1st September 1995	15,215	1,497
Premium on issue of shares during the year	-	13,718
At 31st August 1996	15,215	15,215
18 PROFIT AND LOSS ACCOUNT		
At 1st September 1995	59,965	14,364
Retained profit for the financial year	84,213	69,961
Capitalisation of bonus shares	-	(24,360)
At 31st August 1996	144,178	59,965

TOWN & COUNTRY LEGAL PROTECTION LIMITED

Notes to the Financial Statements for the Year Ended 31st August 1996

	1996 £	1995 £
19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Profit for the financial year	108,663	92,411
Dividends	(24,450)	(22,450)
	84,213	69,961
Shares issued	-	39,360
Capitalisation of bonus shares	-	(24,360)
	84,213	84,961
Net addition to shareholders' funds		
Opening shareholders' funds	155,854	70,893
Closing shareholders' funds	240,067	155,854
 The analysis of shareholders' funds between equity and non-equity interests is as follows:		
Equity interest	186,317	102,104
Non-equity interest	53,750	53,750
	240,067	155,854
 The analysis of non-equity interests in shareholders' funds is as follows:		
Redeemable Preference Shares	53,750	53,750

TOWN & COUNTRY LEGAL PROTECTION LIMITED

Notes to the Financial Statements for the Year Ended 31st August 1996

	1996 £	1995 £
20 COMMITMENTS UNDER OPERATING LEASES		
At 31st August 1996 the Company had annual commitments under non-cancellable operating leases as set out below:		
Plant and Machinery		
Operating leases which expire:		
Within 1 year	8,354	-
Within 2 to 5 years	-	12,251
	<u>8,354</u>	<u>12,251</u>

21 PENSIONS

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 pension cost charge represents contributions payable by the Company to the fund and amounted to £8,827 (1995 - £3,760).

22 TRANSACTIONS WITH DIRECTORS

During the year the Company disposed of its investment in Accident & Credit (Property) Limited. The shares were sold to TTM Agnew and B Agnew for £2. Included in other debtors is £10,848 due from Accident & Credit (Property) Limited, a company in which TTM Agnew has a material interest in as a director. During the year the Company made sales of £9,672 and at the year end were owed £8,798 from Practical Car & Van Rental Limited, a company in which B Agnew has a material interest in as a director. Included in other debtors is an amount of £23,679 due from B-Safe plc, a company in which TTM Agnew and J Barker have a material interest in as directors.

All the above transactions were carried out at arms length and on normal commercial terms.

23 CONTINGENT LIABILITIES

There is an indemnity liability in respect of a guarantee to a Lloyds Syndicate for £20,000 (1995 - £25,000).