

BRM Insurance Consultants Limited

Annual Report

for the period ended 31 December 1997

Registered no: 2305333



BRM Insurance Consultants Limited

Annual report for the period ended 31 December 1997

	Pages
Directors' report	1 - 2
Statement of directors' responsibilities	2
Report of the auditors	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 12

**Directors' report
for the 11 months ended 31 December 1997**

The directors present their report and the audited financial statements for the 11 months ended 31 December 1997. The accounts for the year to 31 January 1997 were not audited, but instead were subject to an Accountant's Report.

Principal activity

The company's principal activity is that of insurance consultants.

On 17 October 1997 the whole of the issued share capital of the company was acquired by OBC Insurance Consultants Limited, a wholly-owned subsidiary of Secure Trust Group PLC.

Review of business

The directors are satisfied with the performance of the company and do not envisage any change in the principal activity in the ensuing year.

Dividends and transfer to reserves

During the period interim dividends totalling £63,370 were paid. The directors do not recommend the payment of a final dividend and the balance of the loss of £628 has been deducted from reserves.

Directors

The directors who served during the period were as follows:

J Shipley (appointed 17 October 1997)
M J Vaughan (appointed 17 October 1997)
G.J. Horton (resigned 17 October 1997)
D.E. Robinson (appointed 17 October 1997 - resigned 17 October 1997)

Mr R. Paston was appointed a director of the company on 5th February 1998. Mr Shipley and Mr Vaughan are directors of the immediate parent company, OBC Insurance Consultants Limited, and their interests in the share capital of group companies are shown in the director's report of that company.

Directors' report (continued)**Directors' responsibilities**

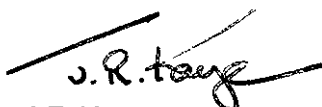
The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 31 December 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

The directors appointed Coopers & Lybrand as auditors to the company on 17 October 1997 and a resolution proposing their reappointment will be put forward at the annual general meeting.

By order of the board

J.R.Kaye
Secretary
6 April 1998

**Report of the auditors to the members of
BRM Insurance Consultants Ltd**

We have audited the accounts on pages 4 to 12

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, except that the scope of our work was limited as explained below.

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 Group's circumstances, consistently applied and adequately disclosed.

We were appointed as auditors on 17 October 1997. Except for the matter referred to in the following sentence, we planned 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. The company's accounts for the year ended 31 January 1997 were not subject to audit, as the directors took advantage of a statutory exemption available, and we have been requested by the company's current directors not to audit the accounts for that year. Any error in the balance sheet as at 31 January 1997 would affect the allocation of profit between the previous year and current period.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

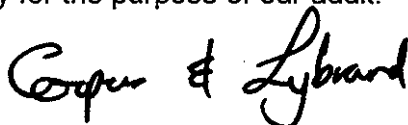
QUALIFIED OPINION ARISING FROM LIMITATION IN AUDIT SCOPE

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 1997.

Except for any adjustments that might have been found to be necessary had we been able to audit the balance sheet as at 31 January 1997, in our opinion the accounts give a true and fair view of the Company's loss and total recognised losses for the 11 months ended 31 December 1997 and have been properly prepared in accordance with the Companies Act 1985.

In respect solely of the limitation on our work relating to the balance sheet at 31 January 1997, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

Coopers & Lybrand
6 April 1998



Profit and loss account for the 11 months 31 December 1997

	Notes	11 months ended 31 December 1997 £	Unaudited 12 months ended 31 January 1997 (as restated) £
Turnover	1/4	201,525	192,467
Administrative expenses		(105,551)	(127,255)
Profit on ordinary activities before taxation	4	95,974	65,212
Taxation	5	(33,232)	(16,996)
Profit on ordinary activities after taxation		62,742	48,216
Dividends paid		(63,370)	(30,000)
(Loss)/retained profit for the period	11	(628)	18,216

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

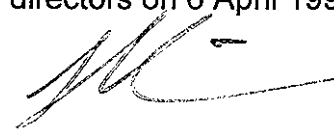
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The above results relate wholly to continuing activities.

Balance sheet at 31 December 1997

	Notes	31 December 1997 £	Unaudited 31 January 1997 (as restated) £
Fixed assets			
Intangible assets	6	23,550	25,500
Tangible assets	7	1,200	27,194
		<u>24,750</u>	<u>52,694</u>
Current assets			
Debtors	8	50,999	33,364
Cash at bank and in hand		110,668	100,220
		<u>161,667</u>	<u>133,584</u>
Creditors: amounts falling due within one year	9	(109,274)	(108,507)
Net current assets		<u>52,393</u>	<u>25,077</u>
Net assets		<u>77,143</u>	<u>77,771</u>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	77,043	77,671
Equity shareholders' funds		<u>77,143</u>	<u>77,771</u>

The financial statements on pages 4 to 12 were approved by the board of directors on 6 April 1998 and were signed on its behalf by:



J. Shipley
Director

Notes to the financial statements for the year ended 31 December 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below. These policies have been consistently applied except as stated under Depreciation and Goodwill below.

Basis of accounting

The financial statements have been prepared on the historical cost basis of accounting and on a going concern basis. The ultimate parent company Secure Trust Group PLC has acknowledged that it will provide continued financial support to the company to enable the business to continue as a going concern for the foreseeable future.

Depreciation

Prior to acquisition by OBC Insurance Consultants Limited on 17 October 1997, depreciation was charged on the reducing balance basis. Depreciation is now charged on a straight line basis from the month of purchase, to write down the cost of tangible fixed assets over their estimated useful lives applying the following annual rates:

Office equipment	15% - 20%
Motor vehicles	25%

In addition, the fixed assets at 17 October 1997 were fair valued by the Directors. The impact of these changes is to charge the period with an accelerated charge of £9,800. The impact of the change in depreciation rates on the year to 31 January 1997 is immaterial.

Turnover

Turnover represents brokerage and other commissions. Commissions are included in the profit and loss account from the inception of an agency contract.

Principal accounting policies (continued)**Goodwill**

Goodwill arising on the acquisition of businesses is calculated as the difference between the fair value of the separable net assets acquired and the fair value of the consideration, and is written off to the profit and loss account over its estimated economic life of 20 years. This represents a change in the accounting policy which applied prior to the company's acquisition by OBC Insurance Consultants Limited. Previously, goodwill was capitalised and shown at cost in the balance sheet. The goodwill arose in 1989. The impact of the change is to reduce goodwill shown in the balance sheet at 31 January 1997 from £42,500 to £25,500, and show an amortisation charge for the year of £2,125.

Deferred taxation

Provision for deferred taxation is made only where a liability is expected to arise in the foreseeable future. Provisions are calculated at the current rate of corporation tax.

Related party transactions

The company has taken advantage of the exemption available to subsidiary undertakings 90% or more of whose voting rights are controlled within a group from disclosing transactions with other group companies qualifying as related parties.

Operating leases

Operating lease rentals are charged to profit and loss account as incurred.

Cash flow statement

The company is a wholly owned subsidiary of OBC Insurance Consultants Limited which is itself a wholly owned subsidiary of Secure Trust Group PLC, and the cash flows of the company are included in the consolidated group cash flow statement of Secure Trust Group PLC. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing a cash flow statement.

2 Directors' emoluments

	11 months ended 31 December 1997	Unaudited 12 months ended 31 January 1997
	£	£
Emoluments (including pension contributions and benefits in kind)	11,363	22,622

Directors' emoluments (continued)

The emoluments of the highest paid director, excluding pension contributions, were £11,363 (year ended 31 January 1997 - £22,622).

The emoluments of Mr Shipley and Mr Vaughan are paid by Secure Trust Bank PLC and by the immediate parent company respectively which make no recharges to the company. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of those companies.

3 Employee information

	11 months ended 31 December 1997	Unaudited 12 months ended 31 January 1997
By activity:	Number	Number
Administration	7	8
	<hr/>	<hr/>
	£	£
Staff costs:		
Wages and salaries	42,942	44,103
Social security costs	2,806	4,038
	<hr/>	<hr/>
	45,748	48,141
	<hr/>	<hr/>

4 Turnover and profit on ordinary activities before taxation

No analysis of turnover or profit before taxation by activity or geographical area is given as the company is involved in only one activity which arises entirely in the United Kingdom.

	11 months ended 31 December 1997	Unaudited 12 months ended 31 January 1997 (as restated)
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Amortisation of intangible fixed assets	1,950	2,125
Depreciation on tangible fixed assets (including accelerated charge of £9,800)	14,130	7,082
Auditors' remuneration	1,500	-
Equipment rentals	986	1,258
Other operating lease rentals	6,735	7,350
	<hr/>	<hr/>

5 Taxation

	11 months ended 31 December 1997 £	Unaudited 12 months ended 31 January 1997 £
United Kingdom corporation tax at 31.5% (1997: 24.2%)		
Current	33,161	16,996
Under provision in respect of prior years		
Current	71	-
	<hr/>	<hr/>
	33,232	16,996
	<hr/>	<hr/>

6. Intangible fixed assets

	Cost £	Amortisation £	Net book values £
At 1 February 1997 (as restated)	42,500	17,000	25,500
Charge for the period	-	1,950	1,950
	<hr/>	<hr/>	<hr/>
At 31 December 1997	42,500	18,950	23,550
	<hr/>	<hr/>	<hr/>

7 Tangible fixed assets

	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 February 1997	35,180	38,495	73,675
Additions	-	34,153	34,153
Disposals	-	(72,648)	(72,648)
	<hr/>	<hr/>	<hr/>
At 31 December 1997	35,180	-	35,180
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 February 1997	22,534	23,947	46,481
Charge for the period	11,446	2,684	14,130
Disposals	-	(26,631)	(26,631)
	<hr/>	<hr/>	<hr/>
At 31 December 1997	33,980	-	33,980
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 1997	1,200	-	1,200
	<hr/>	<hr/>	<hr/>
Net book value At 31 January 1997	12,646	14,548	27,194
	<hr/>	<hr/>	<hr/>

8 Debtors

	31 December 1997 £	Unaudited 31 January 1997 £
Amounts falling due within one year		
Trade debtors	48,783	30,144
Prepayments and accrued income	2,216	3,220
	<u>50,999</u>	<u>33,364</u>

9 Creditors: amounts falling due within one year

	31 December 1997 £	Unaudited 31 January 1997 £
Trade creditors	75,665	65,020
Amounts owed to group undertakings	7,099	-
Corporation tax	25,005	16,997
Other taxation and social security payable	530	6,938
Accruals and deferred income	975	6,319
Obligations due under hire purchase and finance leases	-	13,233
	<u>109,274</u>	<u>108,507</u>

10 Called-up share capital

	31 December 1997 £	Unaudited 31 January 1997 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11. Profit and loss account

	£
At 1 February 1997 as originally reported	94,671
Prior year adjustment on change in accounting policy	(17,000)
	<hr/>
At 1 February 1997 (as restated)	77,671
Loss for the period	(628)
	<hr/>
At 31 December 1997	77,043
	<hr/>

12 Reconciliation of movements in equity shareholders' funds

	31 December 1997 £	Unaudited 12 months ended 31 January 1997 (as restated) £
Profit on ordinary activities after tax	62,742	48,216
Dividend	(63,370)	(30,000)
	<hr/>	<hr/>
(Loss)/retained profit for the period	(628)	18,216
Opening shareholders' funds as originally reported	94,771	74,605
Prior year adjustment - change of accounting policy on goodwill	(17,000)	(15,050)
	<hr/>	<hr/>
Opening shareholders' funds - as restated	77,771	59,555
	<hr/>	<hr/>
Closing shareholders' funds	77,143	77,771
	<hr/>	<hr/>

13 Financial commitments

At 31 December 1997 the company had annual commitments under non-cancellable operating leases as follows:

	31 December 1997		Unaudited 31 January 1997	
	Property rentals £	Other £	Property rentals	Other
Expiring:				
Within one year	-	-	7,350	-
Between two and five years	-	1,076	-	1,076
After five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

14 Related party transactions

On 17 October 1997 Mr G.J. Horton, having resigned as a director at that date following the acquisition of the whole of the issued share capital of the company of OBC Insurance Consultants Limited, acquired a company motor vehicle for £27,017 being the finance company's settlement price and net book value.

15 Ultimate parent company

The directors regard Secure Trust Group PLC, a company registered in England and Wales, as the ultimate parent company.

A copy of the consolidated financial statements of Secure Trust Group PLC may be obtained from The Secretary, Secure Trust Group PLC, 23/27 Heathfield Road, Birmingham B14 7BY.