

LAYTON BLACKHAM INSURANCE BROKERS LIMITED

Registered Office: 40, Queen Anne Street, London, W.1.  
 Company number : 02348015



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 COMPANIES HOUSE 28/03/96

REPORT OF THE DIRECTORS

The directors submit their report and the audited accounts for the year ended 30th September, 1995.

Principal Activities and Review of Business

The company has continued to trade as insurance brokers achieving a 12% increase in revenue despite a reduction of both commercial insurance and interest rates during the period.

Layton Blackham are now recognised as one of the principal provincial insurance brokers and have developed a reputation in the commercial insurance market not only as innovators but also as being strategically placed to maximise future growth opportunities.

Emphasis during the period has been on restructuring to accommodate future growth and increased efficiency through streamlined Workflow and maximising the use of technology.

The net loss for the year after taxation was £10,536 which has been deducted from the surplus of £33,258 brought forward on the profit and loss account from the previous year, giving a total surplus of £22,722 to be carried forward. The directors recommend that a final dividend is not proposed.

Both the development of the business and its year end financial position were satisfactory. The directors are confident that the company's portfolio will continue to grow.

The movements in fixed assets during the period are set out in notes 6 and 7 to the accounts.

During the year the company made donations of £220 (1994: £70).

Directors and their Interests

The directors of the company during the year and their interests in its shares were as follows:-

	<u>No. of Ordinary £1 shares</u>	
	<u>At</u>	<u>At</u>
	<u>30.9.1995</u>	<u>30.9.1994</u>
C.L. Blackham		
(non-beneficial).....	1	1
D.T. Hopwood.....	-	-
M.C. Evans.....	-	-
K. Graham		
(resigned 31.10.1994)...	-	-

LAYTON BLACKHAM INSURANCE BROKERS LIMITED

REPORT OF THE DIRECTORS (continued)

Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to:-

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) prepare the financial statements on a 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 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 to prevent and detect fraud and other irregularities.

Auditors

The term of office of the auditors, Messrs. Lewis Golden & Co., Chartered Accountants & Registered Auditors, will expire at the forthcoming annual general meeting. The auditors, being eligible, have indicated their willingness to accept re-appointment.

By order of the board,

  
Secretary

40, Queen Anne Street,  
London, W.1.

22nd March 1996

**LEWIS GOLDEN & CO**  
Chartered Accountants and Registered Auditors  
40 QUEEN ANNE STREET · LONDON W1M 0EL · TELEPHONE 0171 580 7313

N.W.Benson FCA    H.Guderley FCA    A.G.Moss ACA    D.C.Edwards ACA    G.G.Kinch

REPORT OF THE AUDITORS TO THE MEMBERS  
OF

LAYTON BLACKHAM INSURANCE BROKERS LIMITED

We have audited the financial statements on pages 4 to 11 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 pages 1 and 2, 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 financial statements. It also includes assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and 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 as to whether the financial statements are free from material misstatement. 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 the company's affairs as at 30th September, 1995, and of its loss and cashflow for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.

22nd March, 1996

  
Registered Auditors

LAYTON BLACKHAM INSURANCE BROKERS LIMITED

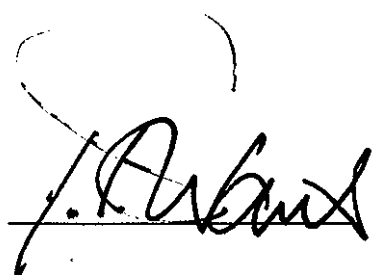

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30th SEPTEMBER, 1995

	<u>Note</u>	<u>1995</u> £	<u>1994</u> £
TURNOVER.....	1 (b)	944,827	830,254
COST OF SALES.....		(141,590)	(153,438)
GROSS PROFIT.....		803,237	676,816
ADMINISTRATIVE EXPENSES.....		(822,207)	(662,499)
OTHER INCOME AND CHARGES			
Other income and interest receivable.....		12,803	9,512
Interest payable.....	2	( 7,863)	( 10,762)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION....	3,4	( 14,030)	13,067
TAX ON ORDINARY ACTIVITIES.....	5	<u>3,494</u>	( 8,475)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION.....			
For the financial year.....		( 10,536)	4,592
Brought forward.....		<u>33,258</u>	<u>28,666</u>
Carried forward.....		<u>22,722</u>	<u>33,258</u>

There are no recognised gains and losses other than those passing through the profit and loss account.

LAYTON BLACKHAM INSURANCE BROKERS LIMITEDBALANCE SHEET AS AT 30th SEPTEMBER, 1995

	<u>Note</u>	<u>1995</u>	<u>1994</u>
		£	£
FIXED ASSETS			
Tangible assets.....	6, 1(c)	18,041	25,988
Intangible assets.....	7	<u>1</u>	<u>1</u>
		18,042	25,989
CURRENT ASSETS			
Debtors.....	8	1,003,362	689,078
Cash at bank and in hand.	9	<u>89,431</u>	<u>170,834</u>
		1,092,793	859,912
CREDITORS: amounts due within one year.....	10	<u>(1,087,113)</u>	<u>(849,871)</u>
NET CURRENT ASSETS.....		<u>5,680</u>	<u>10,041</u>
TOTAL ASSETS LESS CURRENT LIABILITIES.....		23,722	36,030
CREDITORS: amounts due after more than one year.	11	-	( 1,066)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation.....	1(d)	<u>-</u>	<u>( 706)</u>
		<u>23,722</u>	<u>34,258</u>
CAPITAL AND RESERVES			
Called up share capital..	12	1,000	1,000
Profit and loss account..		<u>22,722</u>	<u>33,258</u>
Equity shareholders' funds.....		<u>23,722</u>	<u>34,258</u>



 Directors.

LAYTON BLACKHAM INSURANCE BROKERS LIMITED

CASHFLOW STATEMENT  
FOR THE YEAR ENDED 30th SEPTEMBER, 1995

	<u>Note</u>	£ <u>1995</u>	£ <u>1994</u>
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES.....	13	(83,235)	80,350
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received.....		11,505	10,321
Interest paid.....		( <u>7,717</u> )	( <u>11,560</u> )
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE.....		3,788	( 1,239 )
TAXATION			
Corporation tax paid.....		-	(10,344)
INVESTING ACTIVITIES			
Purchase of tangible fixed assets.....		-	(10,965)
Sale of tangible fixed assets.....		<u>-</u>	<u>1,500</u>
NET CASH OUTFLOW FROM INVESTMENT ACTIVITIES....		-	( 9,465 )
FINANCING			
Capital element of hire purchase rental payments.....		( <u>1,956</u> )	( <u>6,673</u> )
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS....	14,15	<u>(81,403)</u>	<u>52,629</u>

LAYTON BLACKHAM INSURANCE BROKERS LIMITED

NOTES ON ACCOUNTS  
FOR THE YEAR ENDED 30th SEPTEMBER, 1995

1 ACCOUNTING POLICIES

- (a) The financial statements are prepared under the historical cost convention.
- (b) Turnover represents commission invoiced, and all relates to continuing operations.
- (c) Fixed assets are depreciated so as to write them off over their useful lives at the following rates:-

Fixtures and fittings	-	25% per annum on cost
Motor vehicles	-	20% per annum on cost

- (d) Deferred taxation is provided at the relevant rates on timing differences likely to reverse within the foreseeable future.
- (e) Where assets are financed by hire purchase agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.
- The interest is charged to the profit and loss account equally over the term of the lease. The capital part of each payment reduces the amounts outstanding to the lessor.
- (f) Purchased goodwill is eliminated by amortisation through the profit and loss account in the year of acquisition.

2 INTEREST PAYABLE

	<u>1995</u>	<u>1994</u>
	£	£
On loans repayable within		
5 years.....	7,863	10,762
	<u>          </u>	<u>          </u>

3 (LOSS)/PROFIT ON ORDINARY  
ACTIVITIES BEFORE TAXATION

This is stated after charging:-

Staff costs (see note 4).....	514,644	493,886
	<u>          </u>	<u>          </u>
Auditors' remuneration.....	2,938	2,938
	<u>          </u>	<u>          </u>
Depreciation.....	7,947	6,959
	<u>          </u>	<u>          </u>

LAYTON BLACKHAM INSURANCE BROKERS LIMITED

NOTES ON ACCOUNTS  
FOR THE YEAR ENDED 30th SEPTEMBER, 1995

4 EMPLOYEE INFORMATION	<u>1995</u>	<u>1994</u>
	£	£
4.1 Staff costs: (including directors' emoluments)		
Wages and salaries.....	449,274	442,640
Social security costs.....	48,640	43,599
Other pension costs.....	<u>16,730</u>	<u>7,647</u>
	<u>514,644</u>	<u>493,886</u>
4.2 Directors' emoluments (subject to confirmation by the members in general meeting).....	<u>44,583</u>	<u>67,500</u>
4.3 Directors' emoluments fell within the following ranges:		

	<u>Number of directors</u>	
	<u>1995</u>	<u>1994</u>
£ 0 - 5,000	2	1
£ 5,001 - 10,000	-	-
£10,001 - 15,000	1	1
£20,001 - 25,000	-	1
£25,001 - 30,000	1	1

The highest paid director received £29,500 (1994: £29,500).

4.4 The average weekly number of employees during the year was 30 (1994: 25).

5 TAXATION	<u>1995</u>	<u>1994</u>
	£	£
5.1 The tax (credit)/charge on the loss on ordinary activities for the year was as follows:-		
U.K. Corporation tax at 25% (1994: 25%).....	-	3,213
Deferred taxation.....	( 706)	-
Overprovision in previous years	(2,788)	-
Payment for group relief.....	<u>-</u>	<u>5,262</u>
	<u>(3,494)</u>	<u>8,475</u>

5.2 The company is a close company within the terms of the Income and Corporation Taxes Act, 1988.



LAYTON BLACKHAM INSURANCE BROKERS LIMITED

NOTES ON ACCOUNTS  
FOR THE YEAR ENDED 30th SEPTEMBER, 1995

6 TANGIBLE ASSETS

	<u>Motor Vehicles</u> £	<u>Fixtures and Fittings</u> £	<u>Total</u> £
Cost			
As at 1st October, 1994 and as at 30th September, 1995.	<u>27,895</u>	<u>9,470</u>	<u>37,365</u>
Depreciation			
As at 1st October, 1994....	10,084	1,293	11,377
Charge for the period.....	<u>5,579</u>	<u>2,368</u>	<u>7,947</u>
As at 30th September, 1995.	<u>15,663</u>	<u>3,661</u>	<u>19,324</u>
Net book value			
As at 30th September, 1994.	<u>17,811</u>	<u>8,177</u>	<u>25,988</u>
As at 30th September, 1995.	<u>12,232</u>	<u>5,809</u>	<u>18,041</u>

Included in the above totals are the following assets, which are subject to hire purchase contracts:-

	£
Cost as at 30th September, 1995.....	12,000
Accumulated depreciation as at 30th September, 1995.....	<u>6,533</u>
Net book value as at 30th September, 1995.....	<u>5,467</u>
Depreciation charge for the year.....	<u>2,400</u>

7 INTANGIBLE ASSETS

	<u>Purchased Goodwill</u>	
	<u>1995</u> £	<u>1994</u> £
Net book value as at 30th September, 1995.....	<u>1</u>	<u>1</u>

LAYTON BLACKHAM INSURANCE BROKERS LIMITED

NOTES ON ACCOUNTS  
FOR THE YEAR ENDED 30th SEPTEMBER, 1995

8	DEBTORS	<u>1995</u> £	<u>1994</u> £
	I.B.A. debtors.....	991,305	682,709
	Amounts owed by group undertakings.....	7,349	-
	Prepayments and accrued income.....	<u>4,708</u>	<u>6,369</u>
		<u>1,003,362</u>	<u>689,078</u>
9	CASH AT BANK		
	I.B.A. cash at bank.....	83,908	148,630
	Cash at bank.....	<u>5,523</u>	<u>22,204</u>
		<u>89,431</u>	<u>170,834</u>
10	CREDITORS: amounts falling due within one year		
	I.B.A. creditors.....	1,068,750	821,954
	Amount owed to group undertaking.....	-	10,441
	Other creditors.....	1,066	1,956
	Accruals and deferred income.....	<u>17,297</u>	<u>15,520</u>
		<u>1,087,113</u>	<u>849,871</u>
11	CREDITORS: amounts falling due after one year		
	Obligations under hire purchase contracts due within 1 to 2 years	<u>-</u>	<u>1,066</u>
12	SHARE CAPITAL		
	Authorised:-		
	1,000 ordinary shares of £1 each.....	<u>1,000</u>	<u>1,000</u>
	Allotted, issued and fully paid.....	<u>1,000</u>	<u>1,000</u>

LAYTON BLACKHAM INSURANCE BROKERS LIMITED

NOTES ON ACCOUNTS  
FOR THE YEAR ENDED 30th SEPTEMBER, 1995

13 RECONCILIATION OF OPERATING (LOSS)/PROFIT  
TO NET CASH INFLOW FROM OPERATING  
ACTIVITIES

	<u>1995</u> £	<u>1994</u> £
Operating (loss)/profit.....	( 18,970)	14,317
Depreciation charges.....	7,947	6,959
Profit on disposal of fixed assets.	-	( 74)
Increase in debtors.....	(310,198)	(145,272)
Increase in creditors.....	<u>237,986</u>	<u>204,420</u>
Net cash (outflow)/inflow from operating activities.....	<u>( 83,235)</u>	<u>80,350</u>

14 ANALYSIS OF CHANGES IN CASH AND CASH  
EQUIVALENTS DURING THE YEAR

Balance at 1st October, 1995.....	170,834	118,205
Net cash (outflow)/inflow.....	( <u>81,403</u> )	<u>52,629</u>
Balance at 30th September, 1995....	<u>89,431</u>	<u>170,834</u>

15 ANALYSIS OF THE BALANCES OF CASH AND  
CASH EQUIVALENTS AS SHOWN IN THE  
BALANCE SHEET

	<u>1995</u> £	<u>1994</u> £	Change in <u>period</u> £
Cash at bank and in hand.....	<u>89,431</u>	<u>170,834</u>	( <u>81,403</u> )

16 RECONCILIATION OF MOVEMENT IN EQUITY  
SHAREHOLDERS' FUNDS

	<u>1995</u> £	<u>1994</u> £
Retained (loss)/profit for the financial year.....	(10,536)	4,592
Opening shareholders' funds.....	<u>34,258</u>	<u>29,666</u>
Closing shareholders' funds.....	<u>23,722</u>	<u>34,258</u>

17 ULTIMATE HOLDING COMPANY

The company is a subsidiary undertaking of L.B. Elite Limited, which is incorporated in England.