

Company Registration No. 2403909 (England and Wales)

LAYTON BLACKHAM GROUP LIMITED

REPORT AND ACCOUNTS

FOR THE PERIOD ENDED 31 DECEMBER 1998



LAYTON BLACKHAM GROUP LIMITED

COMPANY INFORMATION

Directors

C L Blackham
D T Hopwood
C Whitfield
G Bradford
P Mountford

Secretary

K Austen

Company Number

2403909

Registered Office

40 Queen Anne Street
London
W1M 0EL

Business Address

51 Lincoln's Inn Fields
Holborn
London

Auditors

Lewis Golden & Co
40 Queen Anne Street
London
W1M 0EL

Bank

Barclays Bank
Piccadilly Business Centre
1-3 Arlington Street
London
SW1A 1RA

LAYTON BLACKHAM GROUP LIMITED

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LAYTON BLACKHAM GROUP LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 1998

The directors present their report and accounts for the year ended 31 December 1998.

Principal activities and review of the business

The principal activity of the company continued to be that of insurance brokers and intermediaries.

Results and dividends

The results for the year are set out on page 4.

The directors do not propose the payment of a final dividend.

It is proposed that the retained consolidated loss of £1,274,883 is transferred to reserves.

Year 2000 issue

The directors' initial assessment is that the company does not face a material risk associated with this issue. The company intends to monitor the situation, in terms of its own systems and those of its significant suppliers and service providers. It is considered that the costs associated with this issue should not have a material impact on the company's results.

Directors

The following directors have held office during the year.

C L Blackham
D T Hopwood
M C Evans (resigned 17 April 1998)
P Mountford
C Whitfield
G Bradford.

Directors' Interests

The directors who served during the period and their beneficial interests in the shares of the company were as stated below.

	31 December 1998	Ordinary shares of £1 each 30 September 1997
C L Blackham	-	-
D T Hopwood	-	-
M C Evans	-	-
P Mountford	-	-
C Whitfield	-	-
G Bradford	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Mr C L Blackham owns 100% of the share capital of Earlyweigh Limited which in turn owns 1,000 ordinary shares in Layton Blackham Group Limited.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Lewis Golden & Co be re-appointed as auditors of the company will be put to the Annual General Meeting.

LAYTON BLACKHAM GROUP LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 1998

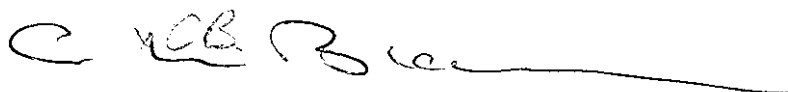
Directors' Responsibilities

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. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 accounts 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.

By order of the Board



Director

31st March 1999

LAYTON BLACKHAM GROUP LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

Respective responsibilities of the director and auditors

As described on page 2 the company's directors are responsible for the preparation of the 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 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 affairs of the company and group as at 31 December 1998 and of the group loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Lewis Golden & Co

Chartered Accountants and Registered Auditors
40 Queen Anne Street
London
W1M 0EL

31st March 1999

LAYTON BLACKHAM GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 1998

	Notes	£	31.12.1998 £	£	30.12.1997 £
Turnover	1.4		3,371,613		2,855,997
Cost of sales			(212,920)		(391,801)
Gross profit			3,158,693		2,464,196
Administrative expenses			(4,476,584)		(3,540,695)
Operating (loss)/profit			(1,317,891)		(1,076,499)
Other income and interest receivable			57,747		54,518
Interest payable and similar charges	3		(14,739)		(38,138)
(Loss)/profit on ordinary activities before taxation	2		(1,274,883)		(1,060,119)
Tax on profit on ordinary activities	4		-		(1,764)
Retained (loss)/profit for the period	13		(1,274,883)		(1,061,883)
Retained (loss)/profit brought forward					
As previously stated		-		(36,266)	
Prior period adjustment		-		-	
As restated			-		(36,266)
Retained (loss)/profit carried forward			(1,274,883)		(1,098,149)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 1998

The accounts were approved by the Board on 31st March 1999

Director

LAYTON BLACKHAM GROUP LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 1998**

LAYTON BLACKHAM GROUP LIMITED

**COMPANY CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 1998**

LAYTON BLACKHAM GROUP LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 1998**

LAYTON BLACKHAM GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1998

1 Accounting Policies

1.1 Group accounts

The consolidated accounts comprise the accounts for the company and its wholly owned trading subsidiary. As provided by section 288 of The Companies Act, 1985, no profit and loss account is presented for the company.

1.2 Accounting convention

The accounts are prepared under the historical cost convention.

1.3 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.4 Turnover

Turnover comprises invoiced commission, direct debit fees and survey fees receivable, and all relates to continuing operations.

1.5 Goodwill and intangibles

Goodwill is depreciated so as to write it off over its useful life.

1.6 Tangible fixed assets and depreciation

Fixed assets are depreciated so as to write them off over their useful lives at the following rates:-

Motor vehicles	20% per annum on cost
Office fixtures and equipment	25% per annum on cost
Leasehold property	10% per annum on cost

1.7 Pensions

The pension cost charges in the accounts represent the contributions payable by the company during the period in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at the current rate on all timing differences likely to reverse within the next foreseeable future.

1.9 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to the future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.10 Development Expenditure

Development expenditure incurred for a specific project is deferred to match with future revenues where a feasibility study has shown that the project is commercially viable.

LAYTON BLACKHAM GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1998

2 Consolidated Operating Profit

	1998 £	1997 £
Operating profit is stated after charging:		
Staff costs (see note 14)	3,171,947	2,426,874
Amortisation of intangible assets	239,283	100,850
Depreciation of tangible assets	367,807	150,347
Auditors' remuneration	7,750	8,813
Remuneration of auditors for non-audit work	9,750	-

3 Interest Payable

	1998 £	1997 £
On bank loans repayable within 5 years	1,523	940
On other loans repayable within 5 years	13,216	34,198
On other loans repayable within 5 years	14,739	38,138

4 Taxation

	Group 1998 £	1997 £	Company 1998 £	1997 £
UK current year taxation				
UK corporation tax at 25% (1997: 25%)	-	-	-	-
(Under) provision in previous years	-	1,764	-	-

5 Intangible Fixed Assets

	Group Goodwill	Company Goodwill
Cost		
At 1 January 1998	443,000	443,000
Additions	1,210,000	400,000
At 31 December 1998	1,653,000	843,000
Depreciation		
At 1 January 1998	97,850	97,850
Charge for the year	239,283	180,950
At 31 December 1998	337,133	278,800
Net Book Value		
At 31 December 1998	1,315,867	564,200
At 1 January 1998	345,150	345,150

LAYTON BLACKHAM GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1998

6 Tangible Fixed assets

6.1 Group

	Leasehold property £	Fixtures & Fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 1998	8,965	594,909	63,304	667,178
Additions	9,054	403,947	71,471	484,472
Disposals	-	-	(6,300)	(6,300)
At 31 December 1998	18,019	998,856	128,475	1,145,350
Depreciation				
At 1 January 1998	2,353	354,410	28,083	384,846
Charge for the period	9,614	307,614	50,579	367,807
Disposals	-	-	(5,670)	(5,670)
At 31 December 1998	11,967	662,024	72,992	746,983
Net book value				
At 31 December 1998	6,052	336,832	55,483	398,367
At 1 January 1998	6,612	240,499	35,221	282,332

6.2 Company

	Leasehold property £	Fixtures & Fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 1998	8,965	581,473	29,996	620,434
Additions	-	226,734	-	226,734
Disposals	-	-	(6,300)	(6,300)
At 31 December 1998	8,965	808,207	23,696	840,868
Depreciation				
At 1 January 1998	2,353	345,047	25,962	373,362
Charge for the period	560	145,731	3,404	149,695
Disposals	-	-	(5,670)	(5,670)
At 31 December 1998	2,913	490,778	23,696	517,387
Net book value				
At 31 December 1998	6,052	317,429	-	323,481
At 1 January 1998	6,612	236,426	4,034	247,072

LAYTON BLACKHAM GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1998

7 Investments held as fixed assets

The company owns the share capital of the following companies which are incorporated in Great Britain:

	Cost £	S/Holding %
Layton Blackham Insurance Brokers Limited	10,000	100
Kay, Hockman and Patt Limited	848,796	100
Frederick Anker Limited	244,742	100

8 Debtors

	Group		Company	
	31.12.98	31.12.97	31.12.98	31.12.97
	£	£	£	£
Amounts owed to group undertakings	-	-	131,162	126,817
Trade debtors	4,140,966	2,602,532	2,036,215	1,493,230
Other debtors	248,401	166,063	185,370	166,063
Prepayments and accrued income	342,858	77,185	213,126	70,181
Corporation Tax Recoverable	8,708	6,021	-	6,021
	<u>4,740,933</u>	<u>2,851,801</u>	<u>2,565,873</u>	<u>1,862,312</u>

9 Creditors: amounts falling due within one year

	Group		Company	
	31.12.98	31.12.97	31.12.98	31.12.97
	£	£	£	£
Bank loans and overdrafts	150,237	-	146,563	-
Trade creditors	4,510,329	3,226,019	2,147,566	1,810,430
Amounts owed to group undertakings	-	-	-	-
Other taxes and social security costs	90,438	64,994	87,340	64,994
Other creditors	170,653	355,713	86,141	209,875
Accruals and deferred income	469,291	90,035	326,570	43,548
Acquisition creditor	391,029	-	525,148	-
	<u>5,781,977</u>	<u>3,736,761</u>	<u>3,319,328</u>	<u>2,128,847</u>

LAYTON BLACKHAM GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1998

10 Creditors: amounts falling due after more than one year

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Amounts owed to group companies	3,064,583	1,353,848	3,259,606	1,353,848
Bank loans and overdrafts	-	-	-	-
Other creditors	111,053	295,037	111,053	295,037
Obligations under hire purchase contracts	39,293	26,957	2,545	3,817
Acquisition creditor	533,586	-	600,645	-
	<u>3,748,515</u>	<u>1,675,842</u>	<u>3,973,849</u>	<u>1,652,702</u>

11 Obligations under hire purchase contracts

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Obligations are due as follows				
Within 1 year	35,265	8,343	1,273	1,273
Between 1 to 5 years	39,293	26,957	2,545	3,817
	<u>74,558</u>	<u>35,300</u>	<u>3,818</u>	<u>5,090</u>

12 Share Capital

	1998	1997
	£	£
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

LAYTON BLACKHAM GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1998

13 Reconciliation of Movements in Shareholders' Funds

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Opening shareholders' funds as previously stated	(1,097,149)	(35,266)	(1,204,654)	(46,565)
Prior period adjustment	-	96,193	-	96,193
Restated opening shareholders funds	(1,097,149)	(35,266)	(1,204,654)	(46,565)
Retained (loss) for the financial year	(1,274,883)	(1,061,883)	(1,458,850)	(1,158,089)
Closing shareholders' funds	(2,372,032)	(1,097,149)	(2,663,504)	(1,204,654)

14 Employees

Number of employees

The average weekly number of employees (including directors) employed by the group during the period was:

	1998	1997
	Number	Number
Total	121	83
Employment costs	£	£
Pension costs	66,167	51,052
Wages and salaries	2,809,466	2,161,634
Social security costs	296,314	214,189
	3,171,947	2,426,875

LAYTON BLACKHAM GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 1998

15 Directors' Emoluments

	1998 £	1997 £
Directors' emoluments	245,000	343,000

Included in the above are amounts paid to the highest paid director, C.L. Blackham, who received £74,000 (1997: £97,500)

16 Post Balance Sheet Events

On 1 January, 1999, the group purchased A.W. Lucas & Co. Limited.

17 Related Party Transactions

The company was owed £47,053 by Frederick Anker Limited and £84,109 by Kay, Hockman & Patt Limited, its subsidiaries, and owed Earlyweigh Ltd, its parent company, £3,064,583 and £195,023 to Layton Blackham Insurance Brokers Limited, its subsidiary. Frederick Anker Limited was owed £5,453 at the year end by Philip S. Parkes, a director of Frederick Anker Limited.