

L.B. ELITE LIMITED
formerly
LAYTON BLACKHAM LIMITED

Registered Office: 40, Queen Anne Street, London, W1M 0EL
Company number : 2403909

REPORT OF THE DIRECTORS

The directors submit their report and the audited consolidated accounts for the period ended 30th September, 1993.

Principal Activities and Review of Business

The company's principal activity was that of insurance intermediaries and underwriting agents.

The net profit for the group after taxation for the period was £31,987 from which a proposed dividend of £18.39 per share has been deducted. Goodwill arising on consolidation of £7,595 has been deducted from the resultant surplus of £13,596. The retained profit of £6,001 has been added to the surplus of £29,824 brought forward from the previous year and the resultant surplus of £35,825 has been carried forward.

Both the development of the business of the group during the period and its position were satisfactory. The directors are confident that the company's portfolio will continue to grow. The company changed its name from Layton Blackham Limited to L.B. Elite Limited on 30th November, 1992.

The movements in fixed assets during the period are set out in note 7 to the accounts.

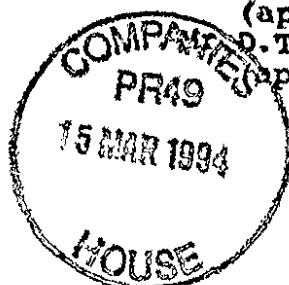
On 1st October, 1992, the company purchased the entire share capital of Layton Blackham Insurance Brokers Limited.

Directors and their interests

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

No. of Ordinary £1 shares
As at 10.9.1993 As at 31.5.1992

Mr.C.L. Blackham.....	725	750
Mr.K. Graham.....	235	250
Mr.M.C. Evans (appointed: 1.10.92)	30	-
D.T. Hopwood (appointed: 1.10.92)	10	-



L.B. ELITE LIMITED
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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:-

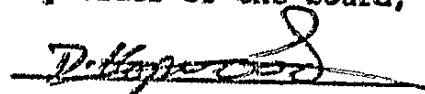
1. select suitable accounting policies and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
4. prepare 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 and 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, W1M 0EL

22 March 1994

LEWIS GOLDEN & CO
Chartered Accountants and Registered Auditors
40 QUEEN ANNE STREET · LONDON W1M 0EL · TELEPHONE 071-580 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

L.B. ELITE LIMITED

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 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, 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 the company's and of the group's affairs as at 30th September, 1993, and of the group profit and cashflow for the period then ended and have been properly prepared in accordance with the Companies Act, 1985.

30 March 1994



Registered Auditors

FAX: 071-580 2179 CABLES: ELGOLDENCO LONDON W1

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business

L.B. ELITE LIMITED
formerly
LAYTON BLACKHAM LIMITED



CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30th SEPTEMBER, 1993

	<u>Note</u>	Group 16 months ended <u>30.9.1993</u> £	Comparison, Company year ended <u>31.5.1992</u> £
TURNOVER.....	1(b)	1,275,154	395,109
COST OF SALES.....		(<u>245,338</u>)	(<u>33,331</u>)
GROSS PROFIT.....		1,029,816	361,778
ADMINISTRATIVE EXPENSES.....		(993,719)	(364,073)
OTHER INCOME AND CHARGES			
Other income and interest receivable.....		43,265	35,568
Interest payable.....	2	(<u>29,808</u>)	(<u>13,308</u>)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION.....	3,4	49,554	19,965
TAX ON ORDINARY ACTIVITIES.....	5	(<u>17,567</u>)	(<u>9,694</u>)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION.....		31,987	10,271
Dividend.....	6	(<u>18,321</u>)	(<u>13,793</u>)
RETAINED PROFIT/(LOSS)			
For the financial year.....	13	13,596	(3,522)
		<u> </u>	<u> </u>

L.B. ELITE LIMITED
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CONSOLIDATED BALANCE SHEET AS AT 30th SEPTEMBER, 1993

<u>Group</u>	<u>Note</u>	<u>Group</u> <u>1993</u> £	<u>1993</u> £	<u>Company</u> <u>1992</u> £
FIXED ASSETS				
Tangible assets.....	7	101,784	78,376	29,820
Investment.....	8	-	10,000	-
Goodwill.....		-	-	-
		<u>101,785</u>	<u>88,376</u>	<u>29,820</u>
CURRENT ASSETS				
Debtors.....	9	2,815,994	2,296,958	808,216
Cash at bank and in hand.		<u>363,442</u>	<u>245,237</u>	<u>452,788</u>
		<u>3,179,436</u>	<u>2,542,195</u>	<u>1,261,004</u>
CREDITORS: amounts due within one year.....	10	(2,088,157)	(2,461,079)	(1,154,840)
NET CURRENT ASSETS.....		<u>91,279</u>	<u>81,116</u>	<u>106,164</u>
TOTAL ASSETS LESS CURRENT LIABILITIES.....		193,064	169,492	135,984
CREDITORS: amounts due after more than one year.	11	(155,533)	(152,333)	(105,160)
PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred taxation.....		(706)	-	-
		<u>36,825</u>	<u>17,159</u>	<u>30,824</u>
CAPITAL AND RESERVES				
Called up share capital..	12	1,000	1,000	1,000
Profit and loss account..	13	<u>35,825</u>	<u>16,159</u>	<u>29,824</u>
		<u>36,825</u>	<u>17,159</u>	<u>30,824</u>

  Directors.

L.B. ELITE LIMITED
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CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD FROM 1st JUNE, 1992, TO 30th SEPTEMBER, 1993

	<u>Note</u>	£	<u>1993</u>	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES.....	14			(38,807)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received.....		38,658		
Interest paid.....		(31,036)		
Ordinary dividends paid.....		(13,793)		
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE.....				(6,171)
TAXATION				
Corporation tax paid.....				(23,852)
INVESTING ACTIVITIES				
Purchase of tangible fixed assets.....		(43,559)		
Sale of tangible fixed assets..		10,800		
Purchase of subsidiary undertaking.....	18	(10,000)		
Purchase of intangible fixed assets.....		(500)		
NET CASH OUTFLOW FROM INVESTING ACTIVITIES.....				(43,259)
NET CASH OUTFLOW FROM BEFORE FINANCING.....				(112,089)
FINANCING				
Capital element of hire purchase rental payments.....	17	(29,858)		
Capital loans.....	17	12,999		
NET FINANCING OUTFLOW FROM FINANCING.....				(9,859)
DECREASE IN CASH AND CASH EQUIVALENTS.....	15,16			(121,948)

L.B. ELITE LIMITED
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CASHFLOW STATEMENT
FOR THE PERIOD FROM 1st JUNE, 1992, TO 30th SEPTEMBER, 1993

	Note	1993	1992
	£	£	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES.. 14		(119,503)	146,688
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received.....	32,229		34,783
Interest paid.....	(29,514)		(2,090)
Ordinary dividends paid....	(13,793)		<u> </u>
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE.		(11,078)	32,693
TAXATION			
Corporation Tax paid.....		(23,852)	(4,109)
INVESTING ACTIVITIES			
Purchase of tangible fixed assets.....	(43,559)		(9,987)
Sale of tangible fixed assets.....	10,800		-
Purchase of subsidiary undertaking..... 18	(10,000)		-
Purchase of intangible fixed assets.....	(500)		<u> </u>
NET CASH OUTFLOW FROM INVESTMENT ACTIVITIES.....		(43,259)	(9,987)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING.....		(197,692)	165,285
FINANCING			
Capital element of hire purchase rental payments. 17	(29,858)		(5,340)
Capital loans..... 17	19,999		<u> </u>
Issue of ordinary share capital.....	<u> </u>		<u> 998</u>
NET CASH OUTFLOW FROM FINANCING.....		(9,859)	(4,342)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS..... 15,16		<u>(207,551)</u>	<u>160,943</u>

L.B. ELITE LIMITED
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NOTES ON ACCOUNTS
FOR THE PERIOD FROM 1st JUNE, 1992, TO 30th SEPTEMBER, 1993

1 ACCOUNTING POLICIES

- (a) The financial statements are prepared under the historical cost convention.
- (b) Turnover represents invoiced commission received for the company and commission invoiced for its subsidiary and survey fees receivable, and all relates to continuing activities.
- (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) The consolidated accounts are prepared under the historical cost convention and include the accounts of the company and its subsidiary. As provided by section 288 of the Companies Act, 1985, no profit and loss account is presented for the company.

2 INTEREST PAYABLE

	Group 1993 £	Company 1992 £
On bank overdrafts repayable within 5 years.....	-	6
On other loans repayable within 5 years.....	<u>29,808</u>	<u>13,302</u>
	<u>29,808</u>	<u>13,308</u>

3 OPERATING PROFIT

This is stated after charging:-

Staff costs (see note 4).....	<u>726,790</u>	<u>259,938</u>
Auditors' remuneration.....	<u>5,876</u>	<u>2,938</u>
Depreciation.....	<u>33,672</u>	<u>13,061</u>
Amortisation.....	<u>499</u>	<u>-</u>

L.B. ELITE LIMITED
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NOTES ON ACCOUNTS
FOR THE PERIOD FROM 1st JUNE, 1992, TO 30th SEPTEMBER, 1993

4 EMPLOYEE INFORMATION

	<u>Group</u> <u>1993</u> £	<u>Company</u> <u>1992</u> £
4.1 Staff costs: (including directors' emoluments)		
Wages and salaries.....	660,121	237,507
Social security costs.....	<u>66,669</u>	<u>22,431</u>
	<u>726,790</u>	<u>259,938</u>
4.2 Directors' emoluments.....	<u>110,832</u>	<u>40,000</u>
4.3 Directors' emoluments fell within the following ranges:	<u>Number of directors</u>	
£15,001 - 20,000	-	2
£20,001 - 25,000	1	-
£25,001 - 30,000	2	-
£30,001 - 35,000	1	-

The highest paid director received £30,667 (1992: £20,000).

4.4 The average weekly number of employees during the period was 38 (1992: 16).

5 TAXATION

	<u>Group</u> <u>1993</u> £	<u>Company</u> <u>1992</u> £
5.1 The tax charge on the profit on ordinary activities for the period was as follows:-		
U.K. Corporation tax at 25% (1992: 25%).....	16,767	10,525
Deferred taxation.....	706	(356)
Under/(over) provision in previous years.....	<u>94</u>	<u>(475)</u>
	<u>17,567</u>	<u>9,694</u>
5.2 The company is a close company within the terms of the Income and Corporation Taxes Act, 1988.		

6 DIVIDEND

	<u>1993</u> £	<u>1992</u> £
Proposed dividend £18.39 per share (1992: £13.79 per share).....	<u>18,391</u>	<u>13,793</u>

L.B. ELITE LIMITED
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NOTES ON ACCOUNTS
FOR THE PERIOD FROM 1st JUNE, 1992, TO 30th SEPTEMBER, 1993

7 GROUP TANGIBLE FIXED ASSETS

	<u>Fixtures and fittings</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
COST			
As at 1st June, 1992.....	40,216	15,034	55,250
Additions.....	58,490	58,095	116,585
Disposals.....	<u>-</u>	(12,000)	(12,000)
As at 30th September, 1993.	<u>98,706</u>	<u>61,129</u>	<u>159,835</u>
DEPRECIATION			
As at 1st June, 1992.....	18,613	6,816	25,429
Charge for the period.....	25,848	7,824	33,672
Disposals.....	<u>-</u>	(1,050)	(1,050)
As at 30th September, 1993.	<u>44,461</u>	<u>13,590</u>	<u>58,051</u>
NET BOOK VALUE			
As at 30th September, 1993.	<u>54,245</u>	<u>47,539</u>	<u>101,784</u>

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

	£
Cost as at 30.9.1993.....	95,268
Accumulated depreciation as at 30.9.1993.....	<u>18,704</u>
Net book value as at 30.9.1993.....	<u>76,564</u>
Depreciation charge for the year....	<u>11,287</u>

L.B. ELITE LIMITED
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NOTES ON ACCOUNTS
FOR THE PERIOD FROM 1st JUNE, 1992, TO 30th SEPTEMBER, 1993

7 COMPANY TANGIBLE FIXED ASSETS

	<u>Fixtures and fittings</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
COST			
As at 1st June, 1992.....	40,216	15,034	55,250
Additions.....	57,990	35,695	93,685
Group transfers.....	-	(6,555)	(6,555)
Disposals.....	-	(12,000)	(12,000)
As at 30th September, 1993.	<u>98,206</u>	<u>32,174</u>	<u>130,380</u>
DEPRECIATION			
As at 1st June, 1992.....	18,613	6,816	25,429
Charge for the period.....	25,723	3,913	29,636
Group transfers.....	-	(2,011)	(2,011)
Disposals.....	-	(1,050)	(1,050)
As at 30th September, 1993.	<u>44,336</u>	<u>7,668</u>	<u>52,004</u>
NET BOOK VALUE			
As at 31st May, 1992.....	<u>21,603</u>	<u>8,217</u>	<u>29,820</u>
As at 30th September, 1993.	<u>53,870</u>	<u>24,506</u>	<u>78,376</u>

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

	£
Cost as at 30.9.1993.....	83,268
Accumulated depreciation as at 30.9.1993.....	<u>16,971</u>
Net book value as at 30.9.1993.....	<u>66,297</u>
Depreciation charge for the year....	<u>9,554</u>

8 INVESTMENT

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

	£	£ <u>Shareholding</u>
Layton Blackham Insurance Brokers Limited.....	<u>10,000</u>	<u>100</u>

L.B. ELITE LIMITED
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NOTES ON ACCOUNTS
FOR THE PERIOD FROM 1st JUNE, 1992, TO 30th SEPTEMBER, 1993

9 DEBTORS

	Group <u>1993</u> £	Company <u>1993</u> £	<u>1992</u> £
Trade debtors.....	2,765,726	2,238,203	779,437
Amount owed by group undertaking....	-	24,923	-
Other debtors.....	8,250	8,250	7,667
Prepayments and accrued income.....	32,081	15,645	16,514
Advance corporation tax recoverable.	<u>9,937</u>	<u>9,937</u>	<u>4,598</u>
	<u>2,815,994</u>	<u>2,296,958</u>	<u>808,216</u>

10 CREDITORS: amounts falling due within one year

Trade creditors.....	2,934,224	2,349,324	1,038,648
Corporation tax.....	22,106	11,763	23,758
Other taxation and social security costs.....	-	-	9,013
Other creditors.....	23,008	16,335	24,010
Accruals.....	90,428	65,266	45,618
Proposed dividend.....	<u>18,391</u>	<u>18,391</u>	<u>13,793</u>
	<u>3,088,157</u>	<u>2,461,079</u>	<u>1,154,840</u>

11 CREDITORS: amounts falling due after more than one year

Other creditors.....	111,052	111,052	91,053
Obligations under hire purchase contracts.....	<u>44,481</u>	<u>41,281</u>	<u>14,107</u>
	<u>155,533</u>	<u>152,333</u>	<u>105,160</u>

12 SHARE CAPITAL

Authorised:-

1,000 ordinary shares of
£1 each.....

1,000 1,000

Allotted, issued and fully
paid.....

1,000 1,000

L.B. ELITE LIMITED
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NOTES ON ACCOUNTS
FOR THE PERIOD FROM 1st JUNE, 1992, TO 30th SEPTEMBER, 1993

13 RECONCILIATION OF MOVEMENT IN
SHAREHOLDERS' FUNDS

	Group <u>1993</u> £	Company <u>1993</u> £	<u>1992</u> £
Retained profit/(loss) for the financial period.....	13,596	(13,665)	(3,522)
Goodwill arising on consolidation..	(7,595)	-	-
Opening shareholders' funds.....	<u>30,824</u>	<u>30,824</u>	<u>34,336</u>
Closing shareholders' funds.....	<u>36,825</u>	<u>17,159</u>	<u>30,824</u>

14 RECONCILIATION OF OPERATING PROFIT
TO NET CASH (OUTFLOW)/INFLOW FROM
OPERATING ACTIVITIES

Operating profit.....	39,295	3,974	(2,295)
Depreciation charges.....	33,672	29,636	13,061
Amortisation.....	499	-	-
Loss on sale of fixed assets.....	150	150	-
Increase in debtors.....	(1,900,989)	(1,459,767)	(368,616)
Increase in creditors.....	<u>1,738,566</u>	<u>1,306,504</u>	<u>504,540</u>
Net cash (outflow)/inflow from opportunity activities	<u>(38,807)</u>	<u>(119,503)</u>	<u>146,688</u>

15 ANALYSIS OF CHANGES IN CASH
AND CASH EQUIVALENTS DURING
THE PERIOD

Balance at 1st June, 1992.....	485,390	452,788	291,845
Net cash (outflow)/inflow.....	<u>(121,948)</u>	<u>(207,551)</u>	<u>160,943</u>
Balance at 30th September, 1993..	<u>363,442</u>	<u>245,237</u>	<u>452,788</u>

L.B. ELITE LIMITED
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NOTES ON ACCOUNTS
FOR THE PERIOD FROM 1st JUNE, 1992, TO 30th SEPTEMBER, 1993

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

	<u>1993</u> £	<u>1992</u> £	Change in Period £
Group:-			
Cash at bank and in hand.....	363,442	485,390	(121,948)
Company:-			
Cash at bank and in hand.....	245,237	452,788	(207,551)

17 ANALYSIS OF CHANGES IN FINANCING
DURING THE PERIOD

	<u>Group</u> <u>1993</u> £	<u>1992</u> £	<u>Company</u> <u>1992</u> £
Hire purchase obligations:-			
Balance at 1st June, 1992.....	18,568	18,568	17,000
Cash outflow from financing.....	(29,858)	(29,858)	(5,340)
Inception of hire purchase contracts.....	78,757	78,757	6,908
Balance at 30th September, 1993.	67,467	67,467	18,568
Capital loans:-			
Balance at 1st June, 1992.....	91,053	91,053	91,053
Cash inflow from financing.....	19,999	19,999	-
Balance at 30th September, 1993.	111,052	111,052	91,053

18 PURCHASE OF SUBSIDIARY UNDERTAKING

Net assets acquired:-			
Debtors.....	3,062	3,062	-
Creditors.....	(657)	(657)	-
Goodwill arising on consolidation.	2,405	2,405	-
	7,595	7,595	-
	10,000	10,000	-
Satisfied by:-			
Cash.....	10,000	10,000	-

L.B. ELITE LIMITED
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NOTES ON ACCOUNTS
FOR THE PERIOD FROM 1st JUNE, 1992, TO 30th SEPTEMBER, 1993

19 The subsidiary undertaking acquired during the period contributed £80,696 to the group's net operating cashflows and received £4,907 in respect of net returns on investments.

20 ANALYSIS OF THE NET OUTFLOW OF CASH AND
CASH EQUIVALENTS IN RESPECT OF THE PURCHASE
OF SUBSIDIARY UNDERTAKING

	<u>1993</u>	<u>1992</u>
	£	£
Cash consideration.....	<u>10,000</u>	<u>-</u>
Net outflow of cash and cash equivalents in respect of purchase of subsidiary.....	<u>10,000</u>	<u>-</u>