

CHRISTIE BROCKBANK SHIPTON LIMITED

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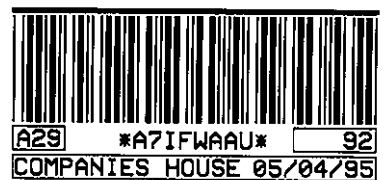
Registrar's Copy

**Reports and Financial Statements**

**Christie Brockbank Shipton Limited**

Registered Number: 2829315

31 December 1994



**Contents**

	<b>Pages</b>
Report of the Directors	1-2
Report of the Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6-12

## Report of the Directors

The directors present their report and financial statements for the year ended 31 December 1994.

### Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining 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.

## Review of the Business and Future Developments

The principal activity of the business is that of a members' agent at Lloyd's. Christie Brockbank Shipton Limited began trading on 1 January 1994 acquiring the business of Brockbank Shipton Limited and Philip N Christie and Company Limited at that date.

The directors are pleased to report a very successful first year's trading. The company managed £423M of capacity acting for approximately 660 Names underwriting for the 1994 account. Through a process of rationalisation and tight cost control Christie Brockbank Shipton achieved a post tax profit of £391,837.

Although 1995 will see some fall in revenue as capacity declines due to Names ceasing underwriting, the directors are confident that the business will remain profitable despite the fact that no profit commission will be received by the company in the year.

Looking forward, the directors are examining a number of options for developing the revenue base at a time when much uncertainty surrounds the Lloyd's trading environment.

On 30 December 1994, The Brockbank Group plc (the former ultimate holding company) demerged its members' agency business. As a result of this transaction, M.A.H. plc was established as the ultimate parent company.

**Results and Dividends**

The results for the period and the state of the company's affairs as at 31 December 1994 are shown in the financial statements. The directors do not propose the payment of a dividend.

**Fixed Assets**

Details of changes in fixed assets are given in notes 8 and 9 to the financial statements.

**Directors**

The following people have served as directors during the period from 1 January 1994 to the date of this report. The interests of the directors at 31 December 1994 in the shares of the company and its holding company, according to the register of directors' interests, were as follows:


	£1 Ordinary Shares	
	At 31.12.94	At 31.12.93
N H H Adams	-	-
C A A Harbord-Hamond	29,543	3,007
T H Holbech	21,829	2,222
M R Holland	-	-
Rt. Hon. Lord Pym	-	-
E L Royds	17,464	1,778
J K Shipton	-	-
A J Sparrow	29,398	2,993
J A Stead	-	-
G E Stevens	-	-
J C Browne (Resigned 24/7/94)	-	-
G N Bunting (Resigned 2/3/94)	-	-
J D Denoon Duncan (Resigned 30/9/94)	-	-

Mr G E Stevens held 1,868,110 1p ordinary shares in M.A.H. plc.

The following directors held the following units of 2nd Series Unsecured Loan Notes 1998, each unit has a nominal value of £116.50. The Notes were issued on 1 January 1994 and were still held on 31 December 1994.

	No. of Units
C A Harbord-Hamond	203
T H Holbech	150
E L Royds	120
A J Sparrow	202

BY ORDER OF THE BOARD

  
G P McMullen  
Secretary

Fitzwilliam House  
10 St Mary Axe  
London EC3A 8BS

9 February 1995

**AUDITORS' REPORT TO THE  
SHAREHOLDERS OF**

**Christie Brockbank Shipton Limited**

We have audited financial statements on pages 4 to 12 which have been prepared following the accounting policies set out on page 6.

**Respective Responsibilities of Directors and Auditors**

As described on page 1, 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 the company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**NEVILLE RUSSELL**  
**CHARTERED ACCOUNTANTS**  
and Registered Auditors  
246 Bishopsgate  
London EC2M 4PB

9 February 1995

**Profit and Loss Account**  
for the year ended 31 December 1994

	Note	12 months to 31.12.94 £
Turnover	2	2,439,265
Administrative expenses		(1,856,904)
<b>OPERATING PROFIT</b>		<b>582,361</b>
Net interest receivable	3	17,836
Loss on sale of fixed assets		(1,487)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	<b>598,710</b>
Taxation on ordinary activities	7	(206,873)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>391,837</b>
<b>RETAINED PROFIT FOR THE YEAR</b>	15	<b>£391,837</b>

All recognised gains and losses are included in the Profit and Loss Account above.

The company's turnover and expenses all related to continuing operations which result from the acquisition of the trade of Philip N Christie & Company Limited and Brockbank Shipton Limited.

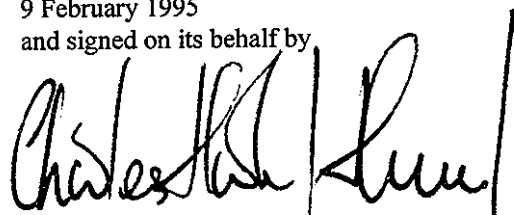
No comparative figures are shown as the company had no revenue transactions prior to 1 January 1994.

CHRISTIE BROCKBANK SHIPTON LIMITED

**Balance Sheet**  
as at 31 December 1994

	Note	31.12.94 £	31.12.93 £
<b>FIXED ASSETS</b>			
Intangible assets	8	70,780	-
Tangible assets	9	83,702	-
Investments	10	358,579	130,000
		<u>513,061</u>	<u>130,000</u>
<b>CURRENT ASSETS</b>			
Debtors	11	215,455	-
Cash at bank		1,134,375	-
		<u>1,349,830</u>	<u>-</u>
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	13	800,031	-
<b>NET CURRENT ASSETS</b>		<u>549,799</u>	<u>-</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,062,860</u>	<u>130,000</u>
<b>CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	13	87,968	-
<b>TOTAL ASSETS LESS LIABILITIES</b>		<u><u>£974,892</u></u>	<u><u>£130,000</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	392,936	40,000
Share Premium	15	190,119	90,000
Profit and loss account	15	391,837	-
		<u><u>£974,892</u></u>	<u><u>£130,000</u></u>

Approved by the board on  
9 February 1995  
and signed on its behalf by



C A A Harbord-Hamond  
Director

**Notes to the Financial Statements**  
for the year ended 31 December 1994

**1. Accounting Policies**

- a) The financial statements are prepared under the historical cost convention in accordance with applicable Financial Reporting Standards and Statements of Standard Accounting Practice.
- b) Turnover comprises underwriting agency fees, winding up fees and commissions.

The principal trading receipts are agency fees derived from Underwriting Names at Lloyd's. These are charged annually to Names and allocated to the first twelve months of each underwriting account.

- c) Investment income is dealt with on an accruals basis.
- d) Other income and expenses are dealt with on an accruals basis.
- e) Goodwill represents the excess of cost of acquisition of the whole of the underwriting businesses of two Lloyd's agencies over the fair value of net tangible assets of the businesses acquired. Goodwill is amortised over ten years, which the directors estimate to be the period over which the company will derive economic benefit.
- f) Depreciation of fixed assets is calculated to write off the cost of the assets over their estimated useful lives at the following rates:

Office furniture	12.5% of original cost per annum
Office equipment	25% of original cost per annum
Motor vehicles	25% of original cost per annum

- g) Group accounts have not been prepared because the company is an intermediate parent company. The results of the company and its subsidiaries have been consolidated into the accounts of the ultimate parent company, M.A.H. plc.
- h) Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.
- i) Assets held under finance leases and the related lease obligations are included at the fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount on a straight line basis over the shorter of the lease term and the useful life of the asset.

Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding.



**2. Turnover**

	12 months to 31.12.94 £
Net agency fees	2,368,313
Winding up fees	56,346
Other Commissions	14,606
	<u>£2,439,265</u>

The whole of the turnover arises in the United Kingdom. -

**3. Net Interest Receivable**

	12 months to 31.12.94 £
Bank deposit interest	24,972
Interest on Finance Lease	(1,294)
Interest on Loan Notes	(5,842)
	<u>£17,836</u>

**4. Profit On Ordinary Activities Before Taxation**

Profit on ordinary activities before taxation is stated after charging:

	12 months to 31.12.94 £
Staff Costs	1,030,414
Operating Lease Rentals	83,617
Auditors' remuneration	20,000
Amortisation of goodwill (note 7)	7,864
Depreciation (note 8)	47,554
	<u></u>

**5. Staff Costs**

	12 months to 31.12.94 £
Salaries	856,415
Social Security costs	69,887
Pension contributions	104,112
	<u>£1,030,414</u>

The average number of staff employed by the group was 19.

**6. Directors' Emoluments**

**12 months  
to 31.12.94**  
**£**

Management services  
Pension contributions

633,940  
67,756

£701,696

**12 months  
to 31.12.94**

The Chairman

102,713

The Chairman is the highest paid director.

The number of directors who received emoluments in the following ranges were:

**Number**

Up to £5,000  
£5001 to £10,000  
£10,001 to £15,000  
£35,001 to £40,000  
£50,001 to £55,000  
£55,001 to £60,000  
£65,001 to £70,000  
£85,001 to £90,000  
£100,001 to £105,000

1  
1  
2  
1  
2  
1  
3  
1  
1

**7. Taxation On Profit On Ordinary Activities**

**12 months  
to 31.12.94**  
**£**

United Kingdom Corporation Tax  
On Profit for the period @ 33%

206,873

£206,873

## 8. Intangible Fixed Assets

£

Cost of goodwill:

Additions

78,644

At 31 December 1994

£78,644

Amortisation:

Charge for the year

7,864

At 31 December 1994

7,864

Net book value

At 31 December 1994

£70,780

At 31 December 1993

£Nil

## 9. Tangible Fixed Assets

	Office Furniture £	Office Equipment £	Motor Vehicles £	Total £
Cost at 1 January 1994	-	-	-	-
Transfers from group companies	13,512	96,417	79,107	189,036
Additions	-	15,972	-	15,972
Disposals	-	-	(26,964)	(26,964)
At 31 December 1994	<u>13,512</u>	<u>112,389</u>	<u>52,143</u>	<u>178,044</u>
Depreciation at 1 January 1994	-	-	-	-
Transfers from group companies	-	35,093	23,360	58,453
Charge for the year	1,689	27,387	18,478	47,554
Disposals	-	-	(11,665)	(11,665)
At 31 December 1994	<u>1,689</u>	<u>62,480</u>	<u>30,173</u>	<u>94,342</u>
Net book Value				
At 31 December 1994	<u>£11,823</u>	<u>£49,909</u>	<u>£21,970</u>	<u>£83,702</u>
At 1 December 1993	<u>£Nil</u>	<u>£Nil</u>	<u>£Nil</u>	<u>£Nil</u>

The net book value of office equipment of £49,907, includes an amount of £12,688 in respect of amounts held under finance leases.

**10. Fixed Asset Investments**

	<b>31.12.94</b>	<b>31.12.93</b>
	<b>£</b>	<b>£</b>
Shares in subsidiary undertakings at cost		
At 1 January 1994	130,000	-
Additions	228,579	130,000
At 31 December 1994	<u>£358,579</u>	<u>£130,000</u>

The subsidiary companies as listed below were all registered in England and Wales at 31 December 1994

<b>Name</b>	<b>Business</b>	<b>Percentage Owned</b>	<b>Shares</b>
Aequanimiter Limited	Holding Company	100%	Ordinary
CBS Corporate Investment Limited	Lloyd's Adviser	100%	Ordinary
CBS Analysts Limited	Lloyd's Syndicate Analysts	100%	Ordinary

**11. Debtors**

	<b>31.12.94</b>
	<b>£</b>
Due within one year:	
Deferred Taxation (note 11)	2,264
Advance corporation tax recoverable	1,452
Prepayments and accrued income	200,928
Tax recoverable	1,605
Other debtors	9,206
	<u>£215,455</u>

**12. Deferred Taxation Recoverable**

	<b>31.12.94</b>
	<b>£</b>
Balance at 1 January 1994	-
Excess of capital allowances over depreciation	2,264
Balance at 31 December 1994	<u>£2,264</u>

**13. Creditors**

	<b>31.12.94</b>
	<b>£</b>
Amounts falling due within one year:	
Obligations under finance leases	894
Amounts due to group undertakings	234,420
Corporation Taxation	162,707
Accruals & deferred income	127,035
Other creditors	274,975
	<u>£800,031</u>

Amounts falling due after more than one year:	<b>31.12.94</b>
	<b>£</b>
Obligations under finance leases payable within two to five years	9,325
Loan notes (1998)	78,643
	<u>£87,968</u>

**14. Share Capital**

	<b>31.12.94</b>	<b>31.12.93</b>
	<b>£</b>	<b>£</b>
Authorised: 1,000,000 ordinary shares of £1 each	<u>£1,000,000</u>	<u>£1,000,000</u>
Issued and fully paid: 392,936 ordinary shares of £1 each	392,936	40,000
	<u>£392,936</u>	<u>£40,000</u>

On 19 October 1994 352,936 ordinary shares of £1 each were issued for cash and tangible assets to complete the acquisition of the businesses of Philip N Christie and Company Limited and Brockbank Shipton Limited.

**15. Reconciliation of Movements in Shareholders' Funds**

	Share Capital £	Share Premium £	Profit & Loss Account £	Total Share- holders Funds £
Balance at 23 June 1993	-	-	-	-
New share capital subscribed	40,000	90,000	-	130,000
Balance at 31 December 1993	<u>40,000</u>	<u>90,000</u>	<u>-</u>	<u>130,000</u>
Profit for the year	-	-	391,837	391,837
New share capital subscribed	352,936	100,119	-	453,055
Balance at 31 December 1994	<u>£392,936</u>	<u>£190,119</u>	<u>£391,837</u>	<u>£974,892</u>

**16. Leasing Commitments**

The annual commitment under non-cancellable operating leases held by the company is as follows:

	<b>Land and Buildings</b>
	<b>31.12.94</b>
Leases expiring	<b>£</b>
within two to five years	<b>£78,000</b>

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**17. Parent Undertaking**

The ultimate parent company is M.A.H. plc which is registered in England and Wales.

**Detailed Profit and Loss Account**  
for the year ended 31 December 1994

	<b>12 months 31.12.94</b>
<b>INCOME</b>	
Agency Fees	2,368,313
Less: paid away	
Profit commission	
Stop loss commission:	14,606
Winding up fees	56,346
Investment income:	
Interest receivable	24,972
	<hr/> 2,464,237
<b>EXPENDITURE</b>	
Loss on sale of asset	1,487
Management fee	1,728,689
Salaries	4,749
Motor	175
Introducers fees	64,859
Irrecoverable VAT	3,901
Interest payable	5,842
Bank charges	408
Goodwill amortised	7,864
Depreciation	47,553
	<hr/> 1,865,527
 <b>PROFIT BEFORE TAXATION</b>	 <hr/> <b>£598,710</b> <hr/>