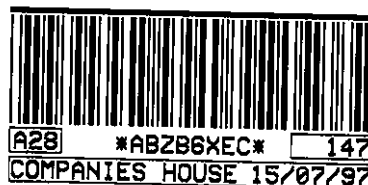


**RMA (HOLDINGS) LIMITED**  
**Registered No 2890236**

**REPORT AND ACCOUNTS**

**31 December 1996**



## **RMA (HOLDINGS) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996**

The directors present their report and the accounts of the company and group for the year ended 31 December 1996.

#### **PRINCIPAL ACTIVITY**

The principal activity of the group is life, pensions and general insurance broking.

#### **REVIEW OF THE BUSINESS**

The business has traded satisfactorily throughout the year in difficult conditions in the insurance market. Although these conditions are not expected to improve in the immediate future the directors are confident that further progress will be made in 1997.

#### **RESULTS AND DIVIDENDS**

The consolidated profit and loss account shows a profit for the period after taxation of £246,694.

Preference dividends of £30,500 have been paid during the year and ordinary dividends of £113,213 are proposed, leaving a retained profit of £102,981 to be taken to reserves.

#### **DIRECTORS**

The directors of the company in office during the period and their interests in the called-up share capital of the company as at 31 December 1995 and 31 December 1996 were:

	<b>Number of shares</b>
R S Johnson (Chairman)	7,098
C S Beaumont	7,098
I G Logan	7,098
J W Marshall	7,098
J D Mutch	7,098

None of the directors had any interests in the share capital of other group companies at 31 December 1995 or 31 December 1996.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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.

## **RMA (HOLDINGS) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)**

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 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.

#### **AUDITORS**

Price Waterhouse have indicated their willingness to continue as auditors and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the Board



R N Gillingwater  
Secretary

12 June 1997

*Price Waterhouse*



## **AUDITORS' REPORT TO THE MEMBERS OF RMA (HOLDINGS) LIMITED**

We have audited the financial statements on pages 4 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

### **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 the financial statements. It also includes an assessment of the significant estimates and judgments 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 affairs of the company and the group at 31 December 1996 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

**PRICE WATERHOUSE**  
Chartered Accountants  
and Registered Auditors

12 June 1997

**RMA (HOLDINGS) LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1996**

	<b>Note</b>	<b>1996</b>	<b>1995</b>
<b>TURNOVER - Continuing operations</b>	2	2,024,243	1,834,699
Administrative expenses		<u>(1,642,619)</u>	<u>(1,488,592)</u>
<b>OPERATING PROFIT - Continuing operations</b>	3	381,624	346,107
Interest receivable	5	30,390	28,567
Interest payable	6	<u>(35,083)</u>	<u>(40,671)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		376,931	334,003
Taxation	7	<u>(130,237)</u>	<u>(138,951)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		246,694	195,052
Dividends	8	<u>(143,713)</u>	<u>(128,906)</u>
<b>RETAINED PROFIT</b>	18	<u>£102,981</u>	<u>£66,146</u>

The group had no recognised gains or losses other than the profit for the year.

# RMA (HOLDINGS) LIMITED

## BALANCE SHEETS - 31 DECEMBER 1996

	Notes	Group		Company	
		1996	1995	1996	1995
<b>FIXED ASSETS</b>					
Intangible assets	9	824,958	872,580	-	-
Tangible assets	10	152,166	138,176	-	-
Investments	11	<u>4,220</u>	<u>2,295</u>	<u>1,298,438</u>	<u>1,298,438</u>
		£981,344	£1,013,051	£1,298,438	£1,298,438
<b>CURRENT ASSETS</b>					
Debtors	12	1,323,686	1,442,275	49,078	43,401
Cash at bank and in hand		<u>1,068,285</u>	<u>903,097</u>	<u>1,774</u>	<u>1,774</u>
		2,391,971	2,345,372	50,852	45,175
<b>CREDITORS - Amounts falling due in less than one year</b>	13	<u>(2,576,549)</u>	<u>(2,522,788)</u>	<u>(777,720)</u>	<u>(676,608)</u>
<b>NET CURRENT LIABILITIES</b>		£(184,578)	£(177,416)	£(726,868)	£(631,433)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		796,766	835,635	571,570	667,005
<b>CREDITORS - Amounts falling due after more than one year</b>	14	(216,674)	(307,680)	(190,870)	(286,305)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	<u>(5,655)</u>	<u>(6,499)</u>	<u>-</u>	<u>-</u>
		£574,437	£521,456	£380,700	£380,700
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17	330,700	380,700	330,700	380,700
Capital redemption reserve		50,000	-	50,000	-
Profit and loss account	18	<u>193,737</u>	<u>140,756</u>	<u>-</u>	<u>-</u>
<b>SHAREHOLDERS' FUNDS - including non-equity interests</b>	19	£574,437	£521,456	£380,700	£380,700

APPROVED BY THE BOARD OF DIRECTORS ON  
12 June 1997

R S Johnson

DIRECTOR

# RMA (HOLDINGS) LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1996

	Note	1996	1995
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	22(1)	616,147	573,136
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		30,390	28,567
Interest paid		(29,263)	(37,913)
Dividends paid - non-equity		(30,500)	(33,000)
Interest element of finance lease rental payments		<u>(5,820)</u>	<u>(2,758)</u>
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(35,193)	(45,104)
<b>TAXATION</b>		(120,193)	(117,693)
<b>CAPITAL EXPENDITURE</b>			
Purchase of fixed asset investments		(1,925)	-
Payments to acquire tangible fixed assets		(71,241)	(13,660)
Proceeds from sales of tangible fixed assets		<u>14,900</u>	<u>12,200</u>
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		(58,266)	(1,460)
<b>ACQUISITIONS AND DISPOSALS</b>			
Purchase of subsidiary undertaking		-	(108,793)
Net cash acquired with subsidiary		<u>-</u>	<u>79,140</u>
<b>NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS</b>		-	(29,653)
<b>EQUITY DIVIDENDS PAID</b>		<u>(90,503)</u>	<u>(87,593)</u>
<b>CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		311,992	291,633
<b>FINANCING</b>			
Repayment of secured loan		(95,435)	(95,435)
Redemption of preference share capital		(50,000)	-
Capital element of finance lease rental payments		(30,124)	(44,017)
New finance leases undertaken		<u>42,015</u>	<u>-</u>
<b>NET CASH OUTFLOW FROM FINANCING</b>		<u>(133,544)</u>	<u>(139,452)</u>
<b>INCREASE IN CASH IN THE YEAR</b>	22(2)	<u>£178,448</u>	<u>£152,181</u>

# **RMA (HOLDINGS) LIMITED**

## **CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)**

	Note	<u>1996</u>	<u>1995</u>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
	22(2)		
Increase in cash in the year		178,448	152,181
Cash outflow from decrease in debt and lease financing		<u>83,544</u>	<u>139,452</u>
Change in net debt resulting from cashflows		261,992	291,633
Effect of foreign exchange rate changes		<u>(3,816)</u>	<u>-</u>
<b>MOVEMENT IN NET DEBT IN THE PERIOD</b>		258,176	291,633
<b>NET DEBT AT 31 DECEMBER 1995</b>		<u>(38,346)</u>	<u>(329,979)</u>
<b>NET FUNDS/(DEBT) AT 31 DECEMBER 1996</b>		<u>£219,830</u>	<u>£(38,346)</u>



## **RMA (HOLDINGS) LIMITED**

### **NOTES TO THE ACCOUNTS - 31 DECEMBER 1996**

#### **1 ACCOUNTING POLICIES**

##### **(1) Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### **(2) Basis of consolidation**

The group accounts have been prepared under the acquisition method of accounting and consolidate the accounts of RMA (Holdings) Limited and its subsidiary undertakings for the period ended 31 December 1996.

Goodwill arising on consolidation is treated as an intangible fixed asset and amortised over 20 years.

##### **(3) Turnover**

Turnover represents brokerage and commissions receivable by the group during the year. Credit is taken for brokerage when the debit note is raised. Life and pension commission is recognised at the onset of the policy.

Provision is made to recognise potential clawbacks in respect of policies written on indemnity terms and policies due for renewal in the following financial year.

##### **(4) Tangible fixed assets**

Depreciation of tangible fixed assets is calculated by reference to cost at rates estimated to write off the relevant assets from the date of acquisition over their expected useful lives.

The annual rates used are as follows:

Leased assets	Period of lease
Fixtures and fittings	10% on cost
Motor vehicles	25% reducing balance
Computer equipment	25% on cost

##### **(5) Deferred taxation**

Deferred taxation is provided in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

##### **(6) Leased assets**

Tangible fixed assets acquired under finance leases are capitalised at the estimated fair value at the date of inception of each lease. Depreciation is provided so as to write off the costs over the shorter of the estimated useful life of the asset or the period of the lease.

The capital element of future rental payments is treated as a liability and the interest element is charged to the profit and loss account over the period of the lease.

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

## **RMA (HOLDINGS) LIMITED**

### **NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)**

#### **1 ACCOUNTING POLICIES (CONTINUED)**

##### **(7) Loan finance**

Loans are stated net of the costs of raising loan finance. These costs are amortised on a straight line basis over the period of the loans, the charge being made at each repayment date.

##### **(8) Pensions**

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested in insurance policies.

Contributions to the scheme are made in accordance with the advice of an independent qualified actuary and are charged to the accounts in the year in which they fall due.

#### **2 TURNOVER**

Turnover and profit before taxation are attributable to the principal activity of the group.

<b>3 OPERATING PROFIT</b>	<b>1996</b>	<b>1995</b>
<b>Operating profit is stated after charging</b>		
Depreciation		
- Owned assets	11,176	15,739
- Leased assets	<u>28,752</u>	<u>22,715</u>
	<u>£39,928</u>	<u>£38,454</u>
Amortisation of goodwill	<u>£47,622</u>	<u>£45,955</u>
Auditors' remuneration	<u>£10,500</u>	<u>£12,350</u>
Operating lease rentals		
- Land and buildings	£31,750	£31,750
- Other	<u>£30,100</u>	<u>£76,635</u>
Total charged in respect of finance leases and hire purchase contracts (of which part is shown as depreciation above and the balance as interest payable in note 6)	<u>£34,572</u>	<u>£25,473</u>

# RMA (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

<b>4</b>	<b>DIRECTORS AND EMPLOYEES</b>	<b>1996</b>	<b>1995</b>
	<b>Staff costs including directors' emoluments</b>		
	Wages and salaries	821,141	732,212
	Social security costs	72,759	68,507
	Other pension costs	<u>129,302</u>	<u>75,549</u>
		<u>£1,023,202</u>	<u>£876,268</u>
		<u>                    </u>	<u>                    </u>
		<b>Number</b>	<b>Number</b>
	<b>Average number employed including executive directors</b>		
	Insurance broking	41	37
	Administration	<u>8</u>	<u>8</u>
		49	45
		<u>                    </u>	<u>                    </u>
	<b>Directors' emoluments (including pension scheme contributions)</b>		
	As executives	£319,925	£293,132
		<u>                    </u>	<u>                    </u>
	<b>Emoluments excluding pension scheme contributions</b>		
	Chairman and highest paid director	£66,938	£55,605
		<u>                    </u>	<u>                    </u>
		<b>Number</b>	<b>Number</b>
	<b>The directors' emoluments fell into the following bands</b>		
	£50,001 - £55,000	-	3
	£55,001 - £60,000	-	2
	£60,001 - £65,000	3	-
	£65,001 - £70,000	<u>2</u>	<u>-</u>
		5	5
		<u>                    </u>	<u>                    </u>
<b>5</b>	<b>INTEREST RECEIVABLE</b>		
	Bank interest	£30,390	£28,567
		<u>                    </u>	<u>                    </u>
<b>6</b>	<b>INTEREST PAYABLE</b>		
	Bank loans and overdrafts	29,263	37,913
	Finance leases	<u>5,820</u>	<u>2,758</u>
		<u>£35,083</u>	<u>£40,671</u>
		<u>                    </u>	<u>                    </u>

# RMA (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

7	<b>TAXATION</b>	<b>1996</b>	<b>1995</b>	
	UK corporation tax	151,920	128,257	
	Deferred taxation	212	1,610	
	<b>Adjustments for earlier years</b>			
	Corporation tax	(20,839)	7,384	
	Deferred taxation	<u>(1,056)</u>	<u>1,700</u>	
		<b>£130,237</b>	<b>£138,951</b>	
		<u><u>          </u></u>	<u><u>          </u></u>	
8	<b>DIVIDENDS</b>			
	Paid - non-equity shares	30,500	38,403	
	Proposed			
	- ordinary shares £2.23 per share (£2.00 per share)	79,249	70,909	
	- 'A' ordinary shares £2.23 per share (£2.00 per share)	<u>33,964</u>	<u>19,594</u>	
		<b>£143,713</b>	<b>£128,906</b>	
		<u><u>          </u></u>	<u><u>          </u></u>	
9	<b>INTANGIBLE ASSETS</b>		<b>Goodwill</b>	
	<b>Cost</b>			
	31 December 1995 and 31 December 1996		£952,429	
	<b>Amortisation</b>			
	31 December 1995		79,849	
	Charge for the year		<u>47,622</u>	
	31 December 1996		£127,471	
	<b>Net book value</b>			
	31 December 1996		<u>£824,958</u>	
			<u><u>          </u></u>	
10	<b>TANGIBLE ASSETS</b>	<b>Office furniture and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>GROUP</b>			
	<b>Cost</b>			
	31 December 1995	115,857	154,818	270,675
	Additions	8,214	63,027	71,241
	Disposals	<u>-</u>	<u>(41,070)</u>	<u>(41,070)</u>
	31 December 1996	<b>£124,071</b>	<b>£176,775</b>	<b>£300,846</b>
	<b>Depreciation</b>			
	31 December 1995	91,760	40,739	132,499
	Charge for the year	3,530	36,398	39,928
	Appropriated on disposals	<u>-</u>	<u>(23,747)</u>	<u>(23,747)</u>
	31 December 1996	<b>£95,290</b>	<b>£53,390</b>	<b>£148,680</b>
	<b>Net book value</b>			
	31 December 1996	<b>£28,781</b>	<b>£123,385</b>	<b>£152,166</b>
		<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>

The net book value of fixed assets includes £107,936 (1995 £93,494) of motor vehicles held under finance leases.

# RMA (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

11	FIXED ASSET INVESTMENTS	<b>Group</b>			<b>Company</b>
		<b>Listed on recognised stock exchange</b>	<b>Other investment</b>	<b>Total</b>	<b>Shares in subsidiary undertakings</b>
	<b>Cost</b>				
	31 December 1995	1,035	1,260	2,295	1,298,438
	Additions	-	1,925	1,925	-
	31 December 1996	£1,035	£3,185	£4,220	£1,298,438

The market value of listed investments at 31 December 1996 was £3,164 (1995 £2,792).

<b>Subsidiary undertakings</b>	<b>Proportion of issued ordinary shares held</b>	<b>Principal activity</b>
Penmarch Limited	100%	Holding of investment
Rockpride Limited	100%	Holding of investment
J Rixon Matthews & Appleyard Limited	100%	Insurance broking
P M Elliott & Company Limited	100%	Non-trading

Rockpride Limited and J Rixon Matthews & Appleyard Limited are held by subsidiary undertakings.

12	<b>DEBTORS - Amounts falling due within one year</b>	<b>Group</b>		<b>Company</b>	
		<b>1996</b>	<b>1995</b>	<b>1996</b>	<b>1995</b>
	Trade debtors	1,209,828	1,336,168	-	-
	Due from subsidiary undertaking	-	-	20,775	20,775
	Prepayments and accrued income	71,981	70,910	-	-
	Other debtors	13,574	10,578	-	-
	Corporation tax	-	1,993	-	-
	Advance corporation tax recoverable	28,303	22,626	28,303	22,626
		£1,323,686	£1,442,275	£49,078	£43,401

Included in other debtors is an interest-free bridging loan of £12,000 made to C S Beaumont, a director of the company, on 1 December 1996, which is repayable in June 1997.

13	<b>CREDITORS - Amounts falling due within one year</b>	<b>Group</b>		<b>Company</b>	
		<b>1996</b>	<b>1995</b>	<b>1996</b>	<b>1995</b>
	Bank loan (note 14)	95,435	95,435	95,435	95,435
	Bank overdraft	507,432	516,876	-	-
	Trade creditors	1,554,893	1,527,098	-	-
	Due to subsidiary undertaking	-	-	516,669	454,614
	Corporation tax	123,827	113,632	-	-
	Advance corporation tax payable	31,803	27,426	31,803	27,426
	Other creditors	20,600	8,630	20,600	8,630
	Other taxes and social security	53,040	63,779	-	-
	Dividends	113,213	90,503	113,213	90,503
	Accruals and deferred income	47,392	57,957	-	-
	Finance leases (note 14)	28,914	21,452	-	-
		£2,576,549	£2,522,788	£777,720	£676,608

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

The bank loan bears interest at a rate of 2½% above LIBOR and is repayable in equal annual instalments until 1999. As required by Financial Reporting Standard No 4 'Capital Instruments' the costs associated with the raising of the loan have been debited against the amount advanced and will be amortised on a straight line basis over the period of the loan.

**£5,655**

The full potential liability and provision made are calculated at a rate of 33% (1995 33%).

# RMA (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

<b>17 CALLED UP SHARE CAPITAL</b>	<b>1996</b>	<b>1995</b>
<b>Authorised, allotted, called up and fully paid</b>		
<b>Equity shares</b>		
Ordinary shares of £1 each	35,490	35,490
'A' ordinary shares of £1 each	<u>15,210</u>	<u>15,210</u>
	50,700	50,700
<b>Non-equity shares</b>		
Redeemable preference shares of £1 each	<u>280,000</u>	<u>330,000</u>
	<u>£330,700</u>	<u>£380,700</u>

The company redeemed 50,000 preference shares of £1 each at par during the year.

The rights attached to the equity and non equity shares are as follows:

	<b>Equity</b>		<b>Non-equity</b>
	<b>Ordinary shares</b>	<b>'A' ordinary shares</b>	<b>Preference shares</b>
<b>Dividend</b>			
Cumulative preferential		'Participating' dividend being 8% of net profit, and 'Additional' dividend should directors' emoluments exceed pre-set limits.	'Preference' dividend being 10p per share net per annum.
Ordinary	'Initial' dividend per share being equal to the 'Participating' dividend paid per share.		
Voting	One vote per share	One vote per share	No voting rights
Winding up priority	Third	Second	First
Receivable upon winding-up	£4.86 per share plus any accrued dividend and the balance remaining shared pari pasu.	£4.54 per share plus any accrued dividend and the balance remaining shared pari pasu.	£1 per share plus any accrued dividend.

The 'A' ordinary shares carry the right to be converted at any time into ordinary shares on a one to one basis.

# RMA (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

### 17 CALLED UP SHARE CAPITAL (CONTINUED)

To the extent that they have not previously been redeemed, the company must redeem the remaining preference shares in the proportions and on the dates set out below:

Redemption date	Number of shares
30 June 1997	70,000
30 June 1998	70,000
30 June 1999	70,000
30 June 2000	<u>70,000</u>
	280,000
	<u><u>          </u></u>

### 18 PROFIT AND LOSS ACCOUNT

	Group	Company
31 December 1995	140,756	-
Retained profit	102,981	50,000
Transfer to capital redemption reserve	<u>(50,000)</u>	<u>(50,000)</u>
31 December 1996	<u>£193,737</u>	<u>£-</u>
	<u><u>          </u></u>	<u><u>          </u></u>

In accordance with the exemption allowed by S230(3) of the Companies Act 1985 the company has not presented its own profit and loss account. Of the profit on ordinary activities after taxation £193,713 has been dealt with in the accounts of the company.

### 19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	1996	1995	1996	1995
Profit for the year	246,694	195,052	193,713	128,906
Dividends	(143,713)	(128,906)	(143,713)	(128,906)
Redemption of preference shares	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>
Net increase in shareholders' funds	52,981	66,146	-	-
Opening shareholders' funds	<u>521,456</u>	<u>455,310</u>	<u>380,700</u>	<u>380,700</u>
Closing shareholders' funds	<u>£574,437</u>	<u>£521,456</u>	<u>£380,700</u>	<u>£380,700</u>
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>
Equity interests	294,437	191,456	100,700	50,700
Non-equity interests	<u>280,000</u>	<u>330,000</u>	<u>280,000</u>	<u>330,000</u>
	<u>£574,437</u>	<u>£521,456</u>	<u>£380,700</u>	<u>£380,700</u>
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>



# RMA (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

### 20 CONTINGENT LIABILITIES AND COMMITMENTS

The company's borrowings are guaranteed by its subsidiary undertakings.

The company has undertaken to provide financial support to its subsidiary undertaking P M Elliott & Company Limited so as to enable that company to meet its liabilities as they fall due.

At 31 December 1996 the group had commitments to make the following payments in the year to 31 December 1997 in respect of non-cancellable operating leases.

	1996		1995	
	Land and buildings	Other	Land and buildings	Other
Expiring within one year	-	-	-	-
Expiring between one and five years	<u>28,000</u>	<u>30,000</u>	<u>31,750</u>	<u>22,740</u>
	£28,000	£30,000	£31,750	£22,740

Neither the group or company had any contracted capital commitments at 31 December 1996 (1995 £Nil).

### 21 PENSIONS

The contributions to the defined benefit scheme operated by a group company are determined by an independent qualified actuary on the basis of valuations prepared using the attained age method. The most recent valuation was carried out by a qualified actuary at 1 April 1996. The assumptions which have the most significant effect on the valuations are those relating to investment returns, and increases in salaries and pensions. It was assumed that the investment returns would be 8.5% per annum, that salary increases would average 6.5% per annum and that present and future pensions would increase at a rate of 4% per annum.

The pension charge for the year was £123,838 (1995 £71,213), including a special contribution of £49,457.

The most recent actuarial valuation showed that the market value of the schemes' assets at 1 April 1996 was £991,230 and that the actuarial value of those assets represented 103% of the benefits accrued to members after allowing for expected future increased in earnings.

### 22 CASHFLOW STATEMENT

1996 1995

#### (1) Reconciliation of operating profit to net cash inflow from operating activities

Operating profit	381,624	346,107
Depreciation charges	39,928	38,454
Amortisation of goodwill	47,622	45,955
Foreign exchange losses	3,816	-
Loss on sale of fixed assets	2,423	7,262
Decrease in debtors	122,273	268,897
Increase in creditors	<u>18,461</u>	<u>(133,539)</u>
<b>Net cash inflow from operating activities</b>	<b>£616,147</b>	<b>£573,136</b>

# **RMA (HOLDINGS) LIMITED**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)**

### **22 CASHFLOW STATEMENT (CONTINUED)**

<b>(2) Analysis of net (debt)/funds</b>	<b>At 31 December 1995</b>	<b>Cashflows</b>	<b>Other non-cash changes</b>	<b>Exchange movements</b>	<b>At 31 December 1996</b>
Cash at bank and in hand	903,097	169,004	-	(3,816)	1,068,285
Overdrafts	(516,876)	<u>9,444</u>	-	-	(507,432)
		178,448			
Debts falling due after more than one year	(286,305)	-	95,435	-	(190,870)
Debts falling due in less than one year	(95,435)	95,435	(95,435)	-	(95,435)
Finance leases	<u>(42,827)</u>	<u>(11,891)</u>	<u>-</u>	<u>-</u>	<u>(54,718)</u>
<b>Total</b>	<b>£(38,346)</b>	<b>£261,992</b>	<b>£-</b>	<b>£(3,816)</b>	<b>£219,830</b>
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>