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RMA (HOLDINGS) LIMITED

FINANCIAL STATEMENTS AND REPORTS

FOR THE YEAR ENDED 31ST DECEMBER, 2001

Company Number 2890236



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RMA (HOLDINGS) LIMITED

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RMA (HOLDINGS) LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER, 2001

The directors present their report and the audited financial statements of the company and group for the year ended 31st December, 2001.

Principal Activity

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

Review of the Business

Details of the results for the year are set out in the attached statements and reports.

The directors consider the state of affairs of the company and group to be satisfactory.

Dividends

Preference dividends of £Nil (2000 - £3,625) have been paid during the year and ordinary dividends of £61,910 (2000 - £70,007) are proposed, leaving a retained profit of £59,652 (2000 - £88,025) to be taken to reserves. The preference shares had been fully redeemed in the previous year.

Directors and their Interests

The following are the persons who have served as directors during the year together with their interests in the company:

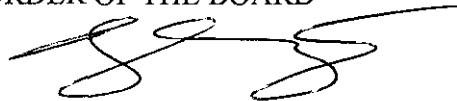
	£1 Ordinary Shares	
	31.12.2001	1.1.2001
R.S. Johnson (Chairman)	7,098	7,098
C.S. Beaumont	7,098	7,098
I.G. Logan	7,098	7,098
J.W. Marshall	7,098	7,098
J.D. Mutch	7,098	7,098

None of the directors had any interest in the share capital of other group companies.

Auditors

A resolution to re-appoint Messrs. Dutton Moore as auditors will be put to the members at the Annual General Meeting in accordance with Section 384 of the Companies Act 1985.

BY ORDER OF THE BOARD



R.N. GILLINGWATER
COMPANY SECRETARY

HULL
22nd APRIL, 2002

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

RMA (HOLDINGS) LIMITED

We have audited the financial statements on pages 4 to 19. The financial statements have been prepared under the historical cost convention and the accounting policies set out therein on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's and group's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is inconsistent with the financial statements, if the company and group have not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information required by law regarding directors' remuneration and transactions with the company and group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

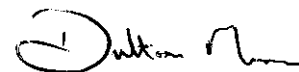
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 and group'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 and group's affairs as at 31st December, 2001 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DUTTON MOORE
CHARTERED ACCOUNTANTS
AND REGISTERED AUDITORS

HULL
22nd APRIL, 2002

RMA (HOLDINGS) LIMITED

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 group and of the profit or loss of the group for that period. In preparing those financial statements, 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) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d) 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group 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 group and hence for taking reasonable steps for the prevention of fraud and other irregularities.

RMA (HOLDINGS) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 2001

	Notes	2001	2000
Turnover	2	2,259,123	2,227,952
Administrative Expenses		(2,104,232)	(2,059,694)
		<hr/>	<hr/>
Operating Profit	3	154,891	168,258
Interest Receivable and Similar Income	4a	39,877	43,983
Interest Payable and Similar Charges	4b	(14,223)	(12,557)
		<hr/>	<hr/>
Profit on Ordinary Activities, before Taxation		180,545	199,684
Tax on Profit on Ordinary Activities	5	(58,983)	(38,027)
		<hr/>	<hr/>
Profit on Ordinary Activities, after Taxation		121,562	161,657
Dividends	6	(61,910)	(73,632)
		<hr/>	<hr/>
Retained Profit for the Financial Year		59,652	88,025
Retained Profits, brought forward		158,201	140,176
		<hr/>	<hr/>
		217,853	228,201
Transfer to Capital Redemption Reserve		-	(70,000)
		<hr/>	<hr/>
Retained Profits, carried forward		£ 217,853	£ 158,201
		<hr/>	<hr/>

All of the activities undertaken by the group during 2001 and 2000 are continuing activities.

The group has no recognised gains or losses for 2001 and 2000 other than those included in the profit and loss account, therefore no separate statement of total recognised gains and losses is required.

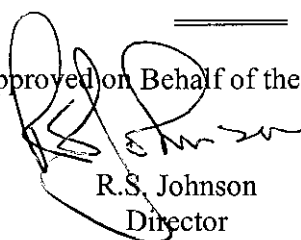
In accordance with the exemption allowed under S.230 of the Companies Act 1985, as amended, the holding company's profit and loss account is not separately presented.

RMA (HOLDINGS) LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2001

	Notes	Group 2001	Group 2000	Company 2001	Company 2000
FIXED ASSETS					
Intangible Assets	7	631,847	682,470	-	-
Tangible Assets	8	245,795	242,711	-	-
Investments	9	6,730	6,730	1,298,438	1,298,438
		<u>£884,372</u>	<u>£931,911</u>	<u>£1,298,438</u>	<u>£1,298,438</u>
CURRENT ASSETS					
Debtors	10	1,216,887	996,345	23,775	23,775
Cash at Bank and in Hand		1,312,045	665,749	-	-
		<u>2,528,932</u>	<u>1,662,094</u>	<u>23,775</u>	<u>23,775</u>
CREDITORS: amounts falling due within one year	11a	(2,638,745)	(1,966,285)	(941,513)	(941,513)
Net Current Liabilities		<u>£(109,813)</u>	<u>£(304,191)</u>	<u>£(917,738)</u>	<u>£(917,738)</u>
Total Assets less Current Liabilities		774,559	627,720	380,700	380,700
CREDITORS: amounts falling due after more than one year	11b	(166,791)	(88,819)	-	-
Provisions for Liabilities and Charges	5c	(9,215)	-	-	-
		<u>£598,553</u>	<u>£538,901</u>	<u>£380,700</u>	<u>£380,700</u>
CAPITAL AND RESERVES					
Called Up Share Capital	14	50,700	50,700	50,700	50,700
Capital Redemption Reserve		330,000	330,000	330,000	330,000
Profit and Loss Account		217,853	158,201	-	-
Shareholders' Funds	15	<u>£598,553</u>	<u>£538,901</u>	<u>£380,700</u>	<u>£380,700</u>

Approved on Behalf of the Board


 R.S. Johnson
 Director

Dated: 22nd April, 2002

The notes on pages 6 to 19 form part of these accounts.

RMA (HOLDINGS) LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31st DECEMBER, 2001

	Note	2001	2000
Net Cash Inflow from Operating Activities	18(a)	688,284	257,922
Return on Investments and Servicing of Finance	18(b)	25,654	27,926
Capital Expenditure and Financial Investment	18(c)	25,836	16,434
Equity Dividends Paid		(70,007)	(74,950)
Financing	18(d)	355	(120,380)
Taxation	18(e)	(23,826)	(64,012)
		<hr/>	<hr/>
Increase in Cash in the Year	18(f)	£646,296	£ 42,940
		<hr/>	<hr/>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Increase in Cash in the Year		646,296	42,940
Cash (Inflow)/Outflow from Decrease in Debt and Hire Purchase Financing Agreement		(355)	50,380
		<hr/>	<hr/>
Change in Net Debt resulting from Cash Flow Hire Purchase Agreements		645,941 (103,762)	93,320 (62,465)
		<hr/>	<hr/>
Movement in Net Debt in Year		542,179	30,855
Net Funds at 1 st January, 2001		530,469	499,614
		<hr/>	<hr/>
Net Funds at 31st December, 2001	18(f)	£1,072,648	£530,469
		<hr/>	<hr/>

RMA (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER, 2001

1. Principal Accounting Policies:

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of Accounting

- a) **Accounts** have been prepared under the historical cost convention.
- b) **Turnover** represents brokerage and commissions receivable by the company during the year. Credit is taken for general brokerage when the debit note is raised.
- c) **Goodwill** arising from the acquisition of insurance broking businesses is treated as an intangible fixed asset and amortised over 20 years.
- d) **Fixed Assets** are included at cost. Depreciation is provided at rates calculated to write off all tangible fixed assets over their estimated useful lives. The rates applied are as follows:

Fixtures and Fittings	10% on cost
Motor Vehicles	25% reducing balance
Computer Equipment	25% on cost

- e) **Deferred Taxation**
In recognition of the advent of FRS19: Deferred Taxation, the group makes full provision for all taxation liabilities deferred as a result of the cumulative excesses of capital allowances over depreciation.
- f) **Hire Purchase Agreements**
Assets obtained under hire purchase agreements are capitalised in the balance sheet and are depreciated over their useful lives. The interest element is charged to the profit and loss account over the period of the agreement.
- g) **Pensions**
The group operated a pension scheme providing benefits based on final pensionable pay until 30th June, 2000. On 1st July, 2000 eligible employees commenced membership of a new defined contribution Group Personal Pension scheme.

Contributions to the scheme are charged to the accounts in the year they fall due in accordance with FRS17.

2. Turnover

Turnover as defined in note 1(b) and pre-tax profit are attributable to the principal activity as detailed in the Directors' Report, and consist entirely of income within the United Kingdom.

RMA (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

3. Operating Profit 2001 2000

a) This is stated after charging:

Depreciation, including Losses on Disposals	£73,842	£57,343
Amortisation	£51,623	£50,622
Auditors' Remuneration	£12,500	£12,500
Directors' Remuneration (see below)	£458,336	£434,466
Operating Leases	£77,450	£77,450
Pension Review Provision	£69,205	£107,655

b) Directors' Emoluments

Salaries	293,979	305,436
Fees	54,750	25,000
Benefits in Kind	42,605	38,053
Employer's National Insurance	43,484	41,542
Pension Scheme Contributions	23,518	24,435
	£458,336	£434,466

Five directors (2000 - five) had retirement benefits accruing under defined benefit pension schemes until 30th June, 2000, whereafter benefits accrued under defined contribution Group Personal Pension schemes.

The highest paid director received emoluments of £95,969 (2000 - £86,396).

c) Staff Costs 2001 2000

Wages and Salaries	750,414	713,239
Employer's NIC	66,131	65,149
	£816,545	£778,388

The average number of people employed during the year, excluding directors was:

	2001 No.	2000 No.
Insurance Broking	46	49
Administration	10	10
	—	—
	56	59

RMA (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

4. Interest Receivable and Payable	2001	2000
a) Interest Receivable and Similar Income		
Bank Interest	£39,877	£43,983
	<hr/>	<hr/>
b) Interest Payable and Similar Charges		
Bank Interest	11,395	5,817
Hire Purchase Interest	2,828	6,740
	<hr/>	<hr/>
	£14,223	£12,557
	<hr/>	<hr/>
5. Tax on Profit on Ordinary Activities		
a) Corporation Tax on the adjusted profits for the		
Year at 21.8% (2000-9.6%) (Note 5b)	49,768	23,826
Adjustments for earlier period	-	14,201
Deferred Tax charge (Note 5c)	9,215	-
	<hr/>	<hr/>
Current Tax Charge	£58,983	£38,027
	<hr/>	<hr/>
b) Factors affecting tax charge for the period:		
The tax assessed for the period is different to the small companies rate of corporation tax in the UK (20%). The differences are explained below:		
Profit on Ordinary Activities, before Tax	£228,167	£247,306
	<hr/>	<hr/>
Profit on Ordinary Activities multiplied by small		
Companies rate of corporation tax in the UK at		
20% (2000-20%)	45,633	49,461
Effects of:		
Expenses not deductible for tax purposes	4,077	5,595
Depreciation for period in excess of capital allowances	58	(1,330)
Pension Review Provision	-	(22,400)
Claims	-	(7,500)
	<hr/>	<hr/>
Current tax charge for the period	£49,768	£23,826
	<hr/>	<hr/>
c) Provision for Deferred Tax Charge relating to		
Accelerated capital allowances	9,215	-
Provision, brought forward	-	-
	<hr/>	<hr/>
Provision, carried forward	£9,215	£ -
	<hr/>	<hr/>

RMA (HOLDINGS) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)

6. Dividends	2001	2000
Paid-Non Equity Shares	-	3,625
Ordinary-Paid @ £1.22 per share (2000-£1.32 per share)	43,337	46,723
'A' Ordinary-Paid @ £1.22 per share (2000-£1.53 per share)	18,573	23,284
	<hr/>	<hr/>
	£61,910	£73,632
	<hr/> <hr/>	<hr/> <hr/>

7. Intangible Fixed Assets	Goodwill
Cost	
At 1 st January, 2001	1,012,429
Additions at cost	1,000
	<hr/>
At 31st December 2001	£1,013,429
	<hr/> <hr/>
Amortisation	
At 1 st January, 2001	329,959
Charge for the Year	51,623
	<hr/>
At 31 st December, 2001	£381,582
	<hr/> <hr/>
Net Book Value	
At 31 st December, 2001	£631,847
	<hr/> <hr/>
At 31 st December, 2000	£682,470
	<hr/> <hr/>

During the year the Group acquired the business of A.J. Wright at a cost of goodwill of £1,000 which cost has been amortised fully during the year.

RMA (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

8. Tangible Fixed Assets

	Office Furniture and Equipment	Motor Vehicles	Total
Cost			
At 1 st January, 2001	226,172	234,227	460,399
Additions during the Year	3,709	103,762	107,471
Disposals at Cost	-	(101,240)	(101,240)
	<hr/>	<hr/>	<hr/>
As at 31 st December, 2001	£229,881	£236,749	£466,630
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 st January, 2001	135,643	82,045	217,688
Added this Year	18,038	45,890	63,928
Eliminated in respect of disposals	-	(60,781)	(60,781)
	<hr/>	<hr/>	<hr/>
As at 31 st December, 2001	£153,681	£67,154	£220,835
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 31 st December, 2001	£76,200	£169,595	£245,795
	<hr/>	<hr/>	<hr/>
At 31 st December, 2000	£90,529	£152,182	£242,711
	<hr/>	<hr/>	<hr/>

Included in the total net book value of motor vehicles is £161,452 (2000 - £148,114) and of computer equipment is £27,645 (2000 - £36,860) in respect of assets acquired under hire purchase agreements. Depreciation charged on such assets is £36,431 (2000 - £34,356) and £9,215 (2000 - £4,095) respectively.

RMA (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

9 Investments

			Group	Company
	Listed on recognised Stock Exchange	Other Investments	Total	Shares in Subsidiary Undertakings
Cost				
At 31 st December, 2000 and 31 st December, 2001	£1,035	£5,695	£6,730	£1,298,438
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The market value of listed investments at 31st December, 2001 was £2,108 (2000 - £4,576).

Subsidiary Undertakings	Country of Registration and Incorporation	Nature of Business	Holding of Ordinary Shares
Penmarch Limited	England	Holding of Investment	100%
Rockpride Limited	England	Non trading	100%
J. Rixon Matthews & Appleyard Limited	England	Insurance Broking	100%

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

Penmarch Limited made a profit for the year of £61,910 (2000 - £143,632) and at the year end had capital and reserves of £2,141,878 (2000 - £2,141,878).

Rockpride Limited made a profit for the year of £Nil (2000 - £Nil) and at the year end had capital and reserves of £10,000 (2000 - £10,000).

J. Rixon Matthews & Appleyard Limited had a retained profit for the year of £107,274 after taxation and dividends (2000-£65,647) and at the year end had capital and reserves of £821,382 (2000 - £714,107).

RMA (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

10. Debtors

	Group		Company	
	2001	2000	2001	2000
Trade Debtors	1,139,053	929,641	-	-
Amounts due from Group Undertakings	-	-	23,775	23,775
Prepayments and Accrued Income	77,834	66,704	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£1,216,887	£996,345	£23,775	£23,775
	<hr/>	<hr/>	<hr/>	<hr/>

11a. Creditors: amounts falling due within one year

Trade Creditors	2,259,670	1,680,216	-	-
Amounts due to Subsidiary Undertaking	-	-	855,946	847,916
Corporation Tax	49,768	23,826	-	-
Other Creditors	30,658	30,590	23,657	23,590
Other Taxes	50,330	44,551	-	-
Dividends	61,910	70,007	61,910	70,007
Accruals and Deferred Income	113,803	70,634	-	-
Hire Purchase Agreements (Note 13)	50,783	37,523	-	-
Other Loans (Note 12)	21,823	8,938	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£2,638,745	£1,966,285	£941,513	£941,513
	<hr/>	<hr/>	<hr/>	<hr/>

11b. Creditors: amounts falling due after more than one year

	Group		Company	
	2001	2000	2001	2000
Hire Purchase Agreements (Note 13)	61,239	52,091	-	-
Other Loans (Note 12)	105,552	36,728	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£166,791	£88,819	£ -	£ -
	<hr/>	<hr/>	<hr/>	<hr/>

RMA (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

12. Other Loans

	2001		2000	
	Group	Company	Group	Company
Amounts payable:				
Within one year	21,823	-	8,938	-
Within one to two years	23,255	-	8,938	-
Within three to five years	78,475	-	26,813	-
Over five years	3,822	-	977	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£127,375	£ -	£45,666	£ -
	<hr/>	<hr/>	<hr/>	<hr/>
Shown as:				
Current Obligations	21,823		8,938	
Non-Current Obligations	105,552		36,728	
	<hr/>	<hr/>	<hr/>	<hr/>
	£127,375	£ -	£45,666	£ -
	<hr/>	<hr/>	<hr/>	<hr/>

In the previous year, the group entered into an agreement with the Royal Bank of Scotland plc to provide a loan of up to £250,000 under the scheme operated with PASS Loans Limited company number 3530780 to meet compensation payments following the review of certain customers pensions.

The repayments, standing at £2,275 per month at the year end, are over 96 monthly instalments and interest is charged quarterly at 2% per annum above the Bank's Base Rate subject to a minimum rate of 6% per annum.

13. Obligations under Hire Purchase Agreements

The maturity of these amounts is as follows:

	2001		2000	
	Group	Company	Group	Company
Amounts payable:				
Within One Year	66,481	-	49,125	-
Within Two to Five Years	76,937	-	63,693	-
	<hr/>	<hr/>	<hr/>	<hr/>
	143,418	-	112,818	-
Less Interest charges allocated to Future periods	(31,396)	-	(23,204)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£112,022	£ -	£89,614	£ -
	<hr/>	<hr/>	<hr/>	<hr/>
Shown as:				
Current Obligations	50,783	-	37,523	
Non-Current Obligations	61,239	-	52,091	
	<hr/>	<hr/>	<hr/>	<hr/>
	£112,022	£ -	£89,614	£ -
	<hr/>	<hr/>	<hr/>	<hr/>

RMA (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

13. Obligations under Hire Purchase Agreements (continued)

Major Non-Cash Transactions

During the year the company entered into hire purchase arrangements in respect of assets with a capital value at the inception of the agreements of £103,762 (2000 - £62,465).

14. Called Up Share Capital	2001	2000
Authorised:		
Equity Shares		
Ordinary Shares of £1 each	35,490	35,490
'A' Ordinary Shares of £1 each	15,210	15,210
	<hr/>	<hr/>
Non Equity Shares	50,700	50,700
Redeemable Preference Shares of £1 each	350,000	350,000
	<hr/>	<hr/>
	£400,700	£400,700
	<hr/>	<hr/>
Allotted, Issued and Fully Paid:		
Equity Shares		
Ordinary Shares of £1 each	35,490	35,490
'A' Ordinary Shares of £1 each	15,210	15,210
	<hr/>	<hr/>
	£50,700	£50,700
	<hr/>	<hr/>

RMA (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

14. Called Up Share Capital (continued)

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

	Ordinary Shares	'A' Ordinary Shares	Preference Shares
Dividend			
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
Capital			
Winding up priority	Third	Second	First
Receivable upon winding-up	£4.86 per share plus any accrued dividend and the balance remaining shared pari passu.	£4.54 per share plus any accrued dividend and the balance remaining shared pari passu.	£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.

15. Reconciliation of Movements in Shareholders' Funds

	Group		Company	
	2001	2000	2001	2000
Opening Shareholders' Funds	538,901	520,876	380,700	380,700
Profit on Ordinary Activities, after Taxation	121,562	161,657	61,910	143,632
Dividends	(61,910)	(73,632)	(61,910)	(73,632)
Redemption of Preference Shares	-	(70,000)	-	(70,000)
Closing Shareholders' Funds	£598,553	£538,901	£380,700	£380,700

RMA (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

16. Contingent Liabilities and Commitments

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

The company has undertaken to provide financial support to J. Rixon Matthews & Appleyard Limited, a subsidiary undertaking, so as to enable that company to meet its liabilities as they fall due.

Following the collapse of the Independent Insurance Co. Limited on 18th June, 2001, there is a possibility that brokerage earned on relevant policies prior to that date may have to be repaid, but the amount involved has not been determined at the date of these statements and therefore no provision has been made at 31st December, 2001.

At 31st December, 2001 the group had commitments to make the following payments in the year to 31st December, 2002 in respect of non-cancellable operating leases.

	<-----2001----->		<-----2000----->	
	Land and Buildings	Other	Land and Buildings	Other
Expiring between one and five years	£35,450	£42,000	£35,450	£42,000
	=====	=====	=====	=====

Neither the group nor the company had any contracted capital commitments at 31st December, 2001 (2000-£Nil).

17. Pensions

The group operated a pension scheme providing benefits on final pensionable pay up to 30th June, 2000. On 1st July, 2000 eligible employees commenced membership of a new defined contribution Group Personal Pension scheme. The pension charge for the period was £109,847 (2000 - £106,268), and this has been recognised within the operating profit in the profit and loss account in accordance with FRS17.

RMA (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

18. Notes to the Cash Flow Statement

	2001	2000
(a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities		
Operating Profit	154,891	168,258
Depreciation	73,842	51,209
Amortisation of Goodwill	51,623	50,622
Loss on Sale of Fixed Assets	-	6,134
(Increase) in Debtors	(220,542)	(5,589)
Increase/(Decrease) in Creditors	628,470	(12,712)
	<hr/>	<hr/>
Net Cash Inflow from Operating Activities	£688,284	£257,922
	<hr/> <hr/>	<hr/> <hr/>
(b) Returns of Investments and Servicing of Finance		
Interest Receivable	39,877	43,983
Interest Payable	(11,395)	(5,817)
Dividends Paid-Non Equity	-	(3,500)
Interest Element of Hire Purchase Agreement Payments	(2,828)	(6,740)
	<hr/>	<hr/>
	£25,654	£27,926
	<hr/> <hr/>	<hr/> <hr/>
(c) Capital Expenditure and Financial Investment		
Purchase of Investment	(1,000)	(2,510)
Purchase of Tangible Fixed Assets	(3,709)	(5,456)
Proceeds from Sales of Tangible Fixed Assets	30,545	24,400
	<hr/>	<hr/>
	£25,836	£16,434
	<hr/> <hr/>	<hr/> <hr/>
(d) Financing		
Redemption of Preference Share Capital	-	(70,000)
Capital Element of Hire Purchase Agreement Payments	(81,354)	(80,307)
Other Loan - Capital Advance	94,586	34,502
- Repayments	(12,877)	(4,575)
	<hr/>	<hr/>
	£ 355	£(120,380)
	<hr/> <hr/>	<hr/> <hr/>
(e) Taxation		
Corporation Tax Paid	£(23,826)	£(64,012)
	<hr/> <hr/>	<hr/> <hr/>

RMA (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

18. Notes to the Cash Flow Statement (continued)

(f) Analysis of Net Funds

	2000	Cashflows	Other Non-Cash Changes	2001
Cash at Bank and in Hand	665,749	646,296	-	1,312,045
Debts falling due after more than one year	(36,728)	-	(68,824)	(105,552)
Debts falling due in less than one year	(8,938)	12,877	(25,762)	(21,823)
Hire Purchase Agreements	(89,614)	81,354	(103,762)	(112,022)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	£530,469	£740,527	£(198,348)	£1,072,648
	<hr/>	<hr/>	<hr/>	<hr/>

19. Related Party Transactions

The company has taken advantage of the exemption provided by Financial Reporting Standard No.8 "Related Party Transactions" not to disclose transactions with members of the group.