

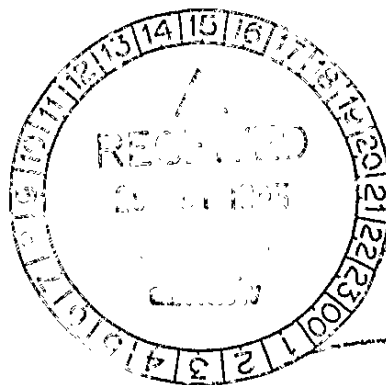
KPMG Peat Marwick

**Clydesdale Bank Insurance
Brokers Limited**

Directors' report and financial statements

30 September 1993

Registered number 47926



Clydesdale Bank Insurance Brokers Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1 - 2
Statement of directors' responsibilities and auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes	6 - 11

Clydesdale Bank Insurance Brokers Limited

Directors' report

The directors present their annual report and audited financial statements for the year ended 30 September 1993.

Principal activity

The company is an Insurance Broker as defined by the Insurance Brokers Registration Act 1977 whose principal activity continued to be Insurance Broking. The company transacts business as Agent for its clients in both Life and Pensions and General Insurance fields, and is required to comply with the requirements of the Financial Services Act and the rules of FIMBRA. The company has appointed Clydesdale Bank PLC as its representative for the purposes of investment business.

The company operates from five locations throughout Scotland, and currently has a complement of 127 staff.

Results and dividends

The trading profit for the year, after taxation, amounted to £6,643,609 (1992: £5,224,947). An interim dividend of £6,300,000 was paid during the year.

Directors and their interests

The directors of the company during the year under review were as follows:

CM Love (Chairman)	(appointed 1 October 1992)
AR Cole-Hamilton	(resigned 2 November 1992)
RM Heron	
JG MacLaren	
DJ Mann	
JE Queen	

In terms of the Articles of Association of the company, no directors require to retire by rotation.

None of the directors held shares in the company or in any other UK group company during the year.

Elective regime

During the year, in accordance with the provisions of the Companies Act 1985, as amended, the company elected to dispense with the laying of financial statements before a general meeting, the holding of annual general meetings and the obligation to appoint auditors annually.

Clydesdale Bank Insurance Brokers Limited

Directors' report *(continued)*

Auditors

KPMG Peat Marwick, Chartered Accountants, are willing to continue as auditors, and do not require to be re-appointed as the company has elected to dispense with this requirement.

By order of the board



Keith W Macintosh
Secretary

30 St Vincent Place
Glasgow
G1 2HL

29 October 1993

Clydesdale Bank Insurance Brokers 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 of the profit or loss of the company 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, and (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 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.

KPMG Peat Marwick

Report of the auditors to the members of Clydesdale Bank Insurance Brokers Limited

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

As described above 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 30 September 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick
Chartered Accountants
Registered Auditors

KPMG Peat Marwick

24 Blythswood Square
Glasgow
G2 4QS

29 October 1993

Clydesdale Bank Insurance Brokers Limited

Profit and loss account for the year ended 30 September 1993

	Note	1993 £	1992 £
Turnover	2	12,987,784	9,857,412
Administrative expenses		(3,647,688)	(2,904,044)
Trading profit	3	9,340,096	6,953,368
Interest receivable	6	598,774	887,237
Profit on ordinary activities before taxation		9,938,870	7,840,605
Tax on profit on ordinary activities	7	(3,295,261)	(2,615,658)
Profit on ordinary activities after taxation		6,643,609	5,224,947
Dividends paid		(6,300,000)	(5,500,000)
Retained profit/(loss) for the financial year		343,609	(275,053)
Retained profit brought forward		1,732,337	2,007,390
Retained profit carried forward		2,075,946	1,732,337

Statement of recognised gains

Clydesdale Bank Insurance Brokers Limited have no recognised gains or losses other than the profit for the period (1992: £Nil).

Clydesdale Bank Insurance Brokers Limited

Balance sheet
30 September 1993

	Note	£	1993 £	£	1992 £
Fixed assets					
Tangible assets	8		515,411		232,127
Current assets					
Debtors	9	638,260		164,320	
Cash at bank and in hand		6,592,063		5,104,786	
			<u>7,230,323</u>	<u>5,269,106</u>	
Creditors: amounts falling due within one year	10	(5,319,745)		(3,418,896)	
Net current assets			<u>1,910,578</u>		<u>1,850,210</u>
Total assets less current liabilities			<u>2,425,989</u>		<u>2,082,337</u>
Provisions for liabilities and charges	11		(43)		-
			<u>2,425,946</u>		<u>2,082,337</u>
Capital and reserves					
Called up share capital	12		350,000		350,000
Profit and loss account			2,075,946		1,732,337
	13		<u>2,425,946</u>		<u>2,082,337</u>

These financial statements were approved by the board of directors on 29 October 1993 and were signed on its behalf by:

CM Love
Director

JE Queen
Director

Clydesdale Bank Insurance Brokers Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Accounting convention

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

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Computer equipment	-	20% straight line
Plant and machinery	-	12.5% straight line
Office equipment	-	10% straight line
Motor vehicles	-	20% straight line

Pension costs

Pension costs charged to the profit and loss account represent the contributions payable in respect of the accounting period.

Deferred taxation

Deferred taxation is provided on timing differences only to the extent that it is probable that an actual liability will crystallize.

Leasing

Rentals paid under operating lease are charged to income on a straight line basis over the lease term.

2 Turnover

The company's turnover arises from commission earned on insurance premiums paid in respect of policies accepted by insurers.

Clydesdale Bank Insurance Brokers Limited

Notes (continued)

3	Trading profit	1993	1992
		£	£
	<i>This is stated after charging:</i>		
	Auditors' remuneration including expenses:		
	Audit	7,500	7,050
	Other services	4,868	4,474
	Depreciation	135,238	120,578
	Operating lease rentals - motor vehicles	17,456	29,720
		<u> </u>	<u> </u>

4	Staff costs	1993	1992
		£	£
	Wages and salaries	2,130,263	1,508,262
	Social security costs	159,982	117,355
	Other pension costs	208,791	212,409
		<u> </u>	<u> </u>
		2,499,036	1,838,026
		<u> </u>	<u> </u>

The average number of employees during the year was:

	Number	of employees
	1993	1992
Office and management	114	101
	<u> </u>	<u> </u>

The company is a member of the Clydesdale Bank Pension Scheme, a funded defined benefit scheme. Actuarial details of the scheme are contained in the financial statements of the Clydesdale Bank PLC.

The pension charge for the year was £208,791 (1992: £212,409) representing a proportionate share of the Clydesdale Bank PLC Group's total contribution.

5	Directors' remuneration	1993	1992
		£	£
	Directors' emoluments	118,272	164,394
		<u> </u>	<u> </u>
	Emoluments (excluding pension contributions) paid to:		
	Chairman	Nil	Nil
	Highest paid director	44,093	68,878
		<u> </u>	<u> </u>

Clydesdale Bank Insurance Brokers Limited

Notes (continued)

5 Directors' remuneration (continued)

The emoluments (excluding pension contributions) of the directors fell within the following ranges:

			Number of directors	
			1993	1992
£Nil	-	£5,000	3	3
£5,001	-	£10,000	-	2
£30,001	-	£35,000	1	-
£35,001	-	£40,000	1	-
£40,001	-	£45,000	1	2
£65,001	-	£70,000	-	1
			<u> </u>	<u> </u>

6 Interest receivable

	1993	1992
	£	£
Bank interest	598,774	887,237
	<u> </u>	<u> </u>

All interest receivable is derived from the immediate parent undertaking, Clydesdale Bank PLC.

7 Tax on profit on ordinary activities

	1993	1992
	£	£
Based on the profit for the year:		
Corporation tax at 33% (1992: 33%)	3,295,218	2,616,867
Deferred tax	43	(1,454)
Adjustment to prior year provision	-	245
	<u> </u>	<u> </u>
	<u>3,295,261</u>	<u>2,615,658</u>

Clydesdale Bank Insurance Brokers Limited

Notes (continued)

8 Tangible fixed assets

	Office equipment £	Motor vehicles £	Computer equipment £	Total £
<i>Cost</i>				
At beginning of year	144,411	202,855	402,727	749,993
Additions	17,568	416,540	19,985	454,093
Disposals	-	(127,793)	-	(127,793)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	161,979	491,602	422,712	1,076,293
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	81,170	109,303	327,393	517,866
Provided during year	11,749	78,304	45,185	135,238
Disposals	-	(92,222)	-	(92,222)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	92,919	95,385	372,578	560,882
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 September 1993	69,060	396,217	50,134	515,411
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 1992	63,241	93,552	75,334	232,127
	<hr/>	<hr/>	<hr/>	<hr/>

9 Debtors

	1993 £	1992 £
Prepayments and accrued income	638,260	164,320
	<hr/>	<hr/>

10 Creditors

	1993 £	1992 £
Trade creditors	1,645,997	572,346
Corporation tax	3,295,218	2,616,867
Accruals and deferred income	378,530	229,683
	<hr/>	<hr/>
	5,319,745	3,418,896
	<hr/>	<hr/>

Clydesdale Bank Insurance Brokers Limited

Notes (continued)

11 Provisions for liabilities and charges

Deferred taxation provided in the financial statements is as follows:

	1993 £	1992 £
Capital allowances in advance of depreciation	43	-
	==	==

12 Share capital

	1993 £	1992 £
<i>Authorised, allotted, called up and fully paid</i> 350,000 ordinary shares of £1 each	350,000	350,000
	==	==

13 Reconciliation of movement in shareholders funds

	1993 £	1992 £
Opening shareholders' funds	2,082,337	2,357,390
Retained profit/(loss) for the year	343,609	(275,053)
	==	==
Closing shareholders' funds	2,425,946	2,082,337
	==	==

14 Commitments

(i) Capital commitments at the end of the financial year for which no provision has been made:

	1993 £	1992 £
Contracted	30,000	-
	==	==

(ii) The annual commitments under non-cancellable operating leases for motor vehicles are as follows:

	1993 £	1992 £
Operating leases which expire:		
Within one year	1,891	6,460
In second to fifth year inclusive	-	5,672
	==	==
	1,891	12,132
	==	==

Clydesdale Bank Insurance Brokers Limited

Notes (continued)

15 Cash flow statement

The Accounting Standards Board has issued Financial Reporting Standard (FRS 1), which requires companies to prepare a cash flow statement in place of a statement of source and application of funds. However, companies which are wholly owned subsidiary undertakings of a European Community parent are granted exemption by FRS 1 from the requirement to prepare a cash flow statement, provided that certain conditions are met. Clydesdale Bank Insurance Brokers Limited is such a subsidiary undertaking and, accordingly, a cash flow statement has not been prepared.

16 Parent undertakings

The largest and smallest groups in which the results of the company are consolidated are those headed by the following:

	<i>Name of parent undertaking</i>	<i>Place of registration</i>	<i>Place of incorporation</i>	<i>Address from which group accounts available to public</i>
Largest group	National Australia Bank Limited	-	Australia	500 Bourke Street, Melbourne, Australia
Smallest group	Clydesdale Bank PLC	Scotland	-	30 St Vincent Place, Glasgow