

CO. NUMBER : 2659917

BURKE FORD INSURANCE GROUP LIMITED  
(FORMERLY BURKE FORD REED INSURANCE MANAGEMENT LIMITED)

CONSOLIDATED ACCOUNTS -- 31 AUGUST 1995  
TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS



BURKE FORD INSURANCE GROUP LIMITED

DIRECTORS REPORT

FOR THE YEAR ENDED 31 AUGUST 1995

The Directors present their report on the affairs of the Company and the Group, together with the accounts and auditors' report for the year ended 31 August 1995.

PRINCIPAL ACTIVITIES:

The principal activity of the Company is to act as a management company. The subsidiaries act as insurance brokers and life, pensions and investment brokers. With effect from 1 November 1995 the name of the Company was changed from Burke Ford Reed Insurance Management Limited to Burke Ford Insurance Group Limited.

TRADING REVIEW AND RESULTS FOR THE YEAR:

The Group continued to develop its principal business activities with further acquisitions both during the year and since the year end. This is reflected in the increase in turnover from £3.9 million in 1994 to £4.7 million in 1995. This has enabled the Group to both strengthen its core activities and develop areas of specialisation such as Leisure Insurance Broking and Private Medical Insurance for the tertiary education sector. It remains the objective of the Directors to continue to develop these and other specialist areas and also to continue to make strategic acquisitions where such opportunities arise.

The Directors recommend that the profit of £142,872 for the financial year be added to reserves.

The Directors do not recommend payment of a dividend.

POST BALANCE SHEET EVENTS:

- (i) On 31 October 1995, the Company acquired 100% of the ordinary share capital of J Trevor, Mortleman & Poland Limited for a total consideration of £768,750.
- (ii) The Company sold its freehold land and buildings to the Burke Ford Insurance Group Limited Retirement and Death Benefit Scheme, a small self-administered scheme for the benefit of certain of the Company's Directors. This took place on 1 November 1995 and the total consideration received was £815,000. On the same date the Company assigned certain of its loans to the Pension Fund. The Company will continue to occupy these premises under a lease agreement with the Scheme.
- (iii) On 25 January 1996 the Company became a wholly owned subsidiary of Burke Ford (Holdings) Limited, formerly Burke & Sanders (Holdings) Limited.

FIXED ASSETS:

The movement in tangible fixed assets is disclosed in note 8 to the accounts.

#### DIRECTORS AND DIRECTORS' INTERESTS:

The following have served as Directors during the year and their interests in the capital of the Company were as stated below:

|                                       | <u>Ordinary shares<br/>of 10p each</u><br>1995 | <u>Ordinary shares<br/>of £1 each</u><br>1994 |
|---------------------------------------|--|---|
| D J Burke                             | -  | -   |
| S Curtis                              | -  | -   |
| R D Peterson                          | 861  | 80  |
| I C Sanders                           | -  | -   |
| M J Boyle (appointed 7 November 1994) | 108  | -   |
| D Carpmael (appointed 1 January 1995) | -  | -   |

Graham Ford, who was a Director of the Company, died on 1 September 1994.

D J Burke and I C Sanders are also Directors of the Company's ultimate parent undertaking Burke Ford (Holdings) Limited, formerly Burke and Sanders (Holdings) Limited, and their interests in the share capital of group companies are as disclosed in that company's statutory accounts.

S Curtis held 10 ordinary shares of £1 each in the Company's ultimate parent undertaking at 31 August 1995 (1994 10 shares). No other directors had any other interests in the shares of the group companies at 31 August 1995 and 1994.

The Directors do not have any other interests required to be disclosed under the Companies Act 1985.

#### 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 the affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements the Directors are required to:

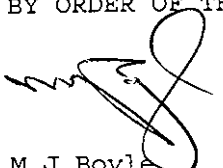
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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:

The Directors will place a resolution before the Annual General Meeting to re-appoint Chadwick, Chartered Accountants, as auditors.

BY ORDER OF THE BOARD:



M J Boyle  
Secretary  
1 February 1996

# CHADWICK

CHARTERED ACCOUNTANTS

## AUDITORS' REPORT TO THE SHAREHOLDERS OF

### BURKE FORD INSURANCE GROUP LIMITED

We have audited the financial statements on pages 4 to 21 which have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and certain investments and the accounting policies set out on pages 9 to 11.

#### Respective responsibilities of Directors and Auditors

As described in the Directors' report, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on the 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 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 affairs of the Company and the Group at 31 August 1995 and of the Group's profit and cash flow statement for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Liverpool  
1 February 1996

*Chadwick*  
CHADWICK  
CHARTERED ACCOUNTANTS  
REGISTERED AUDITOR

BURKE FORD INSURANCE GROUP LIMITED  
CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 1995

|   | <u>Note</u> | <u>1995</u><br>£ | <u>1994</u><br>£ |
|---|-------------|------------------|------------------|
| TURNOVER                                |             | 4,714,183        | 3,905,605        |
| Trading expenses                        |             | (4,746,377)      | (3,587,135)      |
| Other operating income                  | 2           | 332,340          | 67,067           |
| Operating profit                        | 3           | 300,146          | 385,537          |
| Interest payable and<br>similar charges | 4           | (77,818)         | (73,071)         |
| Profit before taxation                  |             | 222,328          | 312,466          |
| TAXATION                                | 6           | (79,456)         | (145,024)        |
| Profit after taxation                   |             | 142,872          | 167,442          |
| MINORITY INTEREST                       |             | -                | (649)            |
| Profit for the financial year           | 14          | 142,872          | 166,793          |

All amounts included above relate to continuing activities.

The accompanying notes form an integral part of this statement

BURKE FORD INSURANCE GROUP LIMITED  
STATEMENT OF RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 AUGUST 1995

|  | <u>1995</u><br>£ | <u>1994</u><br>£ |
|--|------------------|------------------|
| Profit for the financial year                                | 142,872          | 166,793          |
| Unrealised deficit on revaluation of<br>land and buildings   | (1,650)          | -                |
| Goodwill written off on acquisition of minority<br>interests | (36,329)         | -                |
| Total recognised gains and losses relating<br>to the year    | <u>104,893</u>   | <u>166,793</u>   |

RECONCILIATION OF THE MOVEMENT OF SHAREHOLDERS' FUNDS  
FOR THE YEAR ENDED 31 AUGUST 1995

|   | <u>1995</u><br>£ | <u>1994</u><br>£ |
|---|------------------|------------------|
| Total of recognised gains and losses    | 104,893          | 166,793          |
| Utilisation of other reserves (note 14) | (99,000)         | -                |
| Increase in shareholders' funds         | <u>5,893</u>     | <u>166,793</u>   |
| Opening shareholders' funds             | <u>1,477,237</u> | <u>1,310,444</u> |
| Closing shareholders' funds             | <u>1,483,130</u> | <u>1,477,237</u> |

BURKE FORD INSURANCE GROUP LIMITED

CONSOLIDATED BALANCE SHEET -- 31 AUGUST 1995

|  | <u>Note</u> | <u>1995</u> | <u>1994</u> |
|--|-------------|-------------|-------------|
|  |             | £           | £           |
| FIXED ASSETS:  |             |             |             |
| Intangible assets  | 7           | 1,384,739   | 987,083     |
| Tangible assets  | 8           | 1,476,241   | 1,252,454   |
|  |             | <hr/>       | <hr/>       |
|  |             | 2,860,980   | 2,239,537   |
| CURRENT ASSETS:  |             |             |             |
| Debtors  | 10          | 5,901,097   | 5,664,536   |
| Cash at bank and in hand                                 |             | 3,092,776   | 3,000,978   |
|  |             | <hr/>       | <hr/>       |
|  |             | 8,993,873   | 8,665,514   |
| CREDITORS - Amounts falling due within one year          | 11          | (9,725,343) | (8,888,151) |
|  |             | <hr/>       | <hr/>       |
| NET CURRENT LIABILITIES                                  |             | (731,470)   | (222,637)   |
| Total assets less current liabilities                    |             | <hr/>       | <hr/>       |
|  |             | 2,129,510   | 2,016,900   |
| CREDITORS - Amounts falling due after more than one year | 12          | (634,380)   | (517,817)   |
| PROVISIONS FOR LIABILITIES AND CHARGES:                  |             |             |             |
| Deferred taxation  | 6           | (12,000)    | (7,000)     |
| MINORITY INTEREST  |             | -           | (14,846)    |
|  |             | <hr/>       | <hr/>       |
|  |             | 1,483,130   | 1,477,237   |
|  |             | <hr/>       | <hr/>       |
| CAPITAL AND RESERVES:                                    |             |             |             |
| Called up share capital                                  | 13          | 1,000       | 1,000       |
| Reserve arising on consolidation                         | 14          | 741,082     | 777,411     |
| Revaluation reserve                                      | 14          | 157,495     | 159,145     |
| Other reserves   | 14          | -           | 99,000      |
| Profit and loss account                                  | 14          | 583,553     | 440,681     |
|  |             | <hr/>       | <hr/>       |
|  |             | 1,483,130   | 1,477,237   |
|  |             | <hr/>       | <hr/>       |

D J Burke

M J Boyle

) Directors

Approved by the Directors on 1 February 1996

The accompanying notes form an integral part of this balance sheet

BURKE FORD INSURANCE GROUP LIMITED

BALANCE SHEET -- 31 AUGUST 1995

|  | <u>Note</u> | <u>1995</u> | <u>1994</u> |
|--|-------------|-------------|-------------|
|  |             | £           | £           |
| FIXED ASSETS:  |             |             |             |
| Intangible assets  | 7           | 1,019,626   | 987,083     |
| Tangible assets  | 8           | 1,435,525   | 1,233,732   |
| Investment in subsidiaries                                     | 9           | 1,613,914   | 1,350,134   |
|  |             | <hr/>       | <hr/>       |
|  |             | 4,069,065   | 3,570,949   |
| CURRENT ASSETS:  |             |             |             |
| Debtors  | 10          | 188,142     | 117,319     |
| Cash in hand   |             | 1,118       | 747         |
|  |             | <hr/>       | <hr/>       |
|  |             | 189,260     | 118,066     |
| CREDITORS - Amounts falling<br>due within one year             | 11          | (2,182,440) | (1,356,553) |
|  |             | <hr/>       | <hr/>       |
| NET CURRENT LIABILITIES  |             | (1,993,180) | (1,238,487) |
|  |             | <hr/>       | <hr/>       |
| Total assets less current<br>liabilities                       |             | 2,075,885   | 2,332,462   |
| CREDITORS - Amounts falling<br>due after more than one<br>year | 12          | (875,026)   | (840,381)   |
|  |             | <hr/>       | <hr/>       |
|  |             | 1,200,859   | 1,492,081   |
|  |             | <hr/>       | <hr/>       |
| CAPITAL AND RESERVES:  |             |             |             |
| Called up share capital  | 13          | 1,000       | 1,000       |
| Revaluation reserve  | 14          | 1,170,512   | 1,362,790   |
| Other reserves   | 14          | -           | 99,000      |
| Profit and loss account  | 14          | 29,347      | 29,291      |
|  |             | <hr/>       | <hr/>       |
|  |             | 1,200,859   | 1,492,081   |
|  |             | <hr/>       | <hr/>       |

D J Burke

M J Boyle

) Directors

)

Approved by the Directors on 1 February 1996

The accompanying notes form an integral part of this balance sheet



BURKE FORD INSURANCE GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 1995

|   | <u>Note</u> | <u>1995</u>     | <u>1994</u>       |
|---|-------------|-----------------|-------------------|
|   |             | £               | £                 |
| NET CASH INFLOW/(OUTFLOW)                           |             |                 |                   |
| FROM OPERATING ACTIVITIES                           | 18          | 1,146,201       | (651,182)         |
| RETURNS ON INVESTMENT AND<br>SERVICING OF FINANCE   |             |                 |                   |
| Interest paid                                       |             | (77,818)        | (73,071)          |
| TAXATION PAID                                       |             |                 |                   |
| UK corporation tax paid                             |             | (173,686)       | (83,300)          |
| INVESTING ACTIVITIES                                |             |                 |                   |
| Payments for tangible<br>fixed assets               |             | (185,154)       | (68,807)          |
| Purchase of intangible<br>assets                    |             | (127,829)       | (164,392)         |
| Receipts from sale of<br>tangible fixed assets      |             | 52,441          | 43,457            |
| Receipts from sale of<br>intangible fixed assets    |             | 4,500           | 71,770            |
| Acquisition of Harley<br>Temple Group               | 9           | (131,000)       | -                 |
| Purchase of minority<br>interests                   |             | (51,175)        | -                 |
|   |             | <hr/> (438,217) | <hr/> (117,972)   |
| NET CASH INFLOW/(OUTFLOW)<br>BEFORE FINANCING       |             | <hr/> 456,480   | <hr/> (925,525)   |
| FINANCING   | 19          |                 |                   |
| Repayment of bank loans                             |             | (26,177)        | (21,076)          |
| Repayment of other loans                            |             | (209,894)       | (32,572)          |
| Capital element of finance<br>lease payments        |             | (142,181)       | (75,798)          |
|   |             | <hr/> (378,252) | <hr/> (129,446)   |
| INCREASE/(DECREASE) IN CASH<br>AND CASH EQUIVALENTS | 20          | <hr/> 78,228    | <hr/> (1,054,971) |

BURKE FORD INSURANCE GROUP LIMITED

NOTES TO ACCOUNTS -- 31 AUGUST 1995

1. STATEMENT OF ACCOUNTING POLICIES:

The accounts have been prepared under the historical cost convention as modified for the revaluation of freehold land and buildings and certain investments and in accordance with applicable accounting standards. The principal accounting policies are:

1.1. Basis of consolidation

The Group accounts consolidate the results of the Company and all its subsidiary undertakings at 31 August using acquisition accounting, with the exception of Harley Temple Group Limited and its subsidiary companies which have made up their accounts to 7 September 1995 for reasons outlined below.

The results of subsidiary undertakings acquired or disposed of during a financial year are included from, or up to, the effective date of acquisition or disposal.

On 31 March 1995 the Company acquired 60% of the issued share capital of Harley Temple Group Limited and its subsidiary companies. The remaining 40% was acquired on 7 September 1995. Accordingly, Harley Temple Group Limited and its subsidiary companies have prepared accounts to 7 September 1995. As the level of total consideration was fixed at the time of purchase of the first tranche of shares, the consolidated results incorporate 100% of the results of Harley Temple Group Limited and its subsidiary companies from 1 April 1995 to 7 September 1995.

All the Group's activities relate to continuing operations. It is not possible to accurately analyse the contribution of acquisitions made during the year due to the integration of several operations into the existing group structure from the date of acquisition.

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company has not been separately presented in the financial statements.

1.2. Turnover

For general insurance business turnover represents net retained brokerage and fees and is recognised when the insured or reinsured is debited, which is approximate to the inception and renewal dates of policies. Alterations in brokerage arising from return and additional premiums and adjustments are taken into account as and when these occur.

For financial services business turnover comprises commissions in respect of life, pensions and investment broking and fees in respect of the provision of financial advice and administration of small self-administered pension schemes.

Initial commissions are recognised at the inception dates of insurance policies and renewal commissions at the date of receipt; fees represent amounts invoiced and are stated after cedings, discounts, allowances and value added tax.

### 1.3. Tangible Fixed Assets

Fixed assets are stated at cost or valuation, less accumulated depreciation.

Depreciation is provided to write off the cost of fixed assets over their estimated useful economic lives at the following annual rates:

|                       |                      |
|-----------------------|----------------------|
| Freehold property     | 2% straight line     |
| Fixtures and fittings | 20% reducing balance |
| Motor vehicles        | 20% straight line    |

### 1.4. Intangible Fixed Assets

Included in intangible fixed assets is goodwill arising on purchase acquisitions which is stated at cost less accumulated amortisation. The goodwill is written off over its useful economic life which ranges between five and twenty years.

### 1.5. Investments

Investments in subsidiary Companies are stated at the fair value of the underlying net assets. The revaluation from cost to underlying net asset value is recorded through the revaluation reserve.

### 1.6. Deferred Taxation

Deferred taxation is provided using the liability method in respect of all timing differences, except to the extent that the Directors are satisfied that the related tax reductions will continue for the foreseeable future.

### 1.7. Insurance Debtors and Creditors

The subsidiary Companies act as agents in the broking of the insurance and reinsurance business of their clients. In general, the subsidiary Companies are not liable as principal for premiums due to underwriters or for claims due to clients. However, the Group has followed generally accepted accounting practice and has included debtors, creditors, cash and investment balances relating to such insurance and reinsurance businesses within the assets and liabilities of the Group.

In the normal course of business, settlement is required to be made with certain markets, market settlement bureaux or insurance intermediaries on the basis of the net balance due to or from that market, bureau or intermediary, rather than the amounts due to or from individual entities for whom they act. Insurance debtors and creditors reflect this basis of settlement.

The Group has taken advantage of the transitional provisions set out in Financial Reporting Standard No 5 in as much as debtors and creditors arising from insurance broking transactions are offset where such treatment reflects the normal method of settlement.

### 1.8. Leased Assets

Where assets are financed by leasing agreements ("finance leases") the assets are included in the balance sheet at cost less depreciation in accordance with the Group's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease on a straight line basis.

### 1.9. Operating Leases

Operating leases are charged to the profit and loss account over the life of the lease as they fall due.

#### 1.10. Pension Contributions

The Group operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the Group. The pension cost charge represents contributions payable in the year.

#### 2. OTHER OPERATING INCOME:

|  | <u>1995</u><br>£ | <u>1994</u><br>£ |
|--|------------------|------------------|
| Interest receivable and similar income | 157,814          | 104,442          |
| Proceeds of Keyman insurance policy    | 200,000          | -                |
| Net return on fixed asset investment   | (25,474)         | (37,375)         |
|  | <hr/> 332,340    | <hr/> 67,067     |

#### 3. OPERATING PROFIT:

Operating profit is stated after charging the following:

|   | <u>1995</u><br>£ | <u>1994</u><br>£ |
|---|------------------|------------------|
| Auditors' remuneration                                    | 20,000           | 15,000           |
| Depreciation  | 171,187          | 174,031          |
| Amortisation  | 98,852           | 69,244           |
| Directors' remuneration (including pension contributions) | 858,211          | 467,246          |
| Loss/(profit) on sale of fixed assets                     | 11,169           | (19,095)         |
| Operating lease rentals - equipment                       | 52,533           | 61,218           |
| - land and buildings                                      | 83,125           | 78,125           |
|   | <hr/>            | <hr/>            |

The Group emoluments of the Company's Directors (including pension contributions) were as follows:-

|  | <u>1995</u><br>£ | <u>1994</u><br>£ |
|--|------------------|------------------|
| Remuneration paid in this Company              | 812,711          | 467,246          |
| Emoluments received from other group companies | 45,500           | -                |
|  | <hr/> 858,211    | <hr/> 467,246    |

The emoluments (excluding pension contributions) may be analysed as follows:

|                       | <u>1995</u><br>£ | <u>1994</u><br>£ |
|-----------------------|------------------|------------------|
| Chairman              | 16,667           | 102,173          |
| Highest paid Director | 357,197          | 102,699          |
|                       | <hr/>            | <hr/>            |

3. OPERATING PROFIT (Continued):

The emoluments of the remaining Directors (excluding pension contributions) were in the following ranges:

|                     | <u>1995</u> | <u>1994</u> |
|---------------------|-------------|-------------|
| £ 45,001 - £ 50,000 | 1           | -           |
| £ 55,001 - £ 60,000 | -           | 2           |
| £ 75,001 - £ 80,000 | 1           | -           |
| £ 80,001 - £ 85,000 | -           | 1           |
| £140,001 - £145,000 | 1           | -           |
| £175,001 - £180,000 | 1           | -           |

4. INTEREST PAYABLE:

|  | <u>1995</u><br>£ | <u>1994</u><br>£ |
|--|------------------|------------------|
| Interest on bank loans and overdrafts and other loans wholly repayable within five years | 77,818           | 73,071           |

5. EMPLOYEES:

The average number of people employed by the Group in the year was 100 (1994 - 95), and they were employed in the following areas:

|                     | <u>1995</u> | <u>1994</u> |
|---------------------|-------------|-------------|
| Insurance brokerage | 61          | 58          |
| Administration      | 39          | 37          |
|                     | <hr/>       | <hr/>       |
|                     | 100         | 95          |
|                     | <hr/>       | <hr/>       |

Details of employee costs are as follows:

|                          |           |           |
|--------------------------|-----------|-----------|
| Gross wages and salaries | 2,502,687 | 1,805,157 |
| Social security costs    | 168,303   | 158,514   |
| Other pension costs      | 140,950   | 203,837   |
|                          | <hr/>     | <hr/>     |
|                          | 2,811,940 | 2,167,508 |
|                          | <hr/>     | <hr/>     |

6. TAXATION:

The taxation charge based on the results for the year comprises:

|                                      | <u>1995</u><br>£ | <u>1994</u><br>£ |
|--------------------------------------|------------------|------------------|
| Corporation tax at 33% (1994 - 33%)  | 112,588          | 146,300          |
| Adjustment relating to earlier years | (38,132)         | (626)            |
| Transfer to/(from) deferred taxation | 5,000            | (650)            |
|                                      | <hr/>            | <hr/>            |
|                                      | 79,456           | 145,024          |
|                                      | <hr/>            | <hr/>            |

6. TAXATION (Continued):

Deferred taxation provided in the balance sheet comprises at 25% (1994 - 25%):

|                                | <u>Group</u> |             | <u>Company</u> |             |
|--------------------------------|--------------|-------------|----------------|-------------|
|                                | <u>1995</u>  | <u>1994</u> | <u>1995</u>    | <u>1994</u> |
|                                | £            | £           | £              | £           |
| Accelerated capital allowances | 1,250        | 1,300       | -              | -           |
| Other timing differences       | 10,750       | 5,700       | -              | -           |
|                                | <hr/>        | <hr/>       | <hr/>          | <hr/>       |
|                                | 12,000       | 7,000       | -              | -           |
|                                | <hr/>        | <hr/>       | <hr/>          | <hr/>       |

The potential deferred tax arising on the revaluation of the company's investment in its subsidiaries has not been calculated on the grounds there is no intention of disposing of any of these companies in the foreseeable future. The potential deferred tax not provided in these accounts arising on the revaluation of the freehold property is £35,000 (1994 £35,000). No provision has been made on the grounds that any gain arising will be rolled over against future investment.

7. INTANGIBLE ASSETS:

|  | <u>Group</u> | <u>Company</u> |
|--|--------------|----------------|
|  | £            | £              |
| Cost:                                      |              |                |
| At 1 September 1994                        | 1,267,472    | 1,125,215      |
| Additions                                  | 127,829      | 127,829        |
| Subsidiaries acquired                      | 40,000       | -              |
| Arising on consolidation of new subsidiary | 347,179      | -              |
| Disposals                                  | (5,441)      | (5,441)        |
| Eliminated on being fully amortised        | (142,257)    | -              |
|  | <hr/>        | <hr/>          |
| At 31 August 1995                          | 1,634,782    | 1,247,603      |
|  | <hr/>        | <hr/>          |
| Amortisation:                              |              |                |
| At 1 September 1994                        | 280,389      | 138,132        |
| Subsidiaries acquired                      | 14,000       | -              |
| Charge for the year                        | 98,852       | 90,786         |
| Disposals                                  | (941)        | (941)          |
| Eliminated on being fully amortised        | (142,257)    | -              |
|  | <hr/>        | <hr/>          |
| At 31 August 1995                          | 250,043      | 227,977        |
|  | <hr/>        | <hr/>          |
| Net book value:                            |              |                |
| At 31 August 1995                          | 1,384,739    | 1,019,626      |
|  | <hr/>        | <hr/>          |
| At 31 August 1994                          | 987,083      | 987,083        |
|  | <hr/>        | <hr/>          |

8. TANGIBLE FIXED ASSETS:

| <u>Group</u>          | <u>Freehold<br/>land and<br/>Buildings</u><br>£ | <u>Fixtures<br/>and<br/>Fittings</u><br>£ | <u>Motor<br/>Vehicles</u><br>£ | <u>Total</u><br>£ |
|-----------------------|---|---|--------------------------------|-------------------|
| Cost/Valuation:       |   |   |                                |                   |
| At 1 September 1994   | 776,422   | 340,430                                   | 487,250                        | 1,604,102         |
| Subsidiaries acquired | -   | 50,049                                    | 38,641                         | 88,690            |
| Additions             | 64,650  | 101,838                                   | 260,896                        | 427,384           |
| Revaluation           | (24,650)  | -   | -                              | (24,650)          |
| Disposals             | -   | -   | (192,850)                      | (192,850)         |
|                       | <hr/>   | <hr/>                                     | <hr/>                          | <hr/>             |
| At 31 August 1995     | 816,422   | 492,317                                   | 593,937                        | 1,902,676         |
|                       | <hr/>   | <hr/>                                     | <hr/>                          | <hr/>             |
| Depreciation:         |   |   |                                |                   |
| At 1 September 1994   | 11,500  | 120,599                                   | 219,549                        | 351,648           |
| Subsidiaries acquired | -   | 32,507                                    | 23,333                         | 55,840            |
| Charge for the year   | 11,500  | 46,099                                    | 113,588                        | 171,187           |
| Revaluation           | (23,000)  | -   | -                              | (23,000)          |
| Disposals             | -   | -   | (129,240)                      | (129,240)         |
|                       | <hr/>   | <hr/>                                     | <hr/>                          | <hr/>             |
| At 31 August 1995     | -   | 199,205                                   | 227,230                        | 426,435           |
|                       | <hr/>   | <hr/>                                     | <hr/>                          | <hr/>             |
| Net book value:       |   |   |                                |                   |
| At 31 August 1995     | 816,422   | 293,112                                   | 366,707                        | 1,476,241         |
|                       | <hr/>   | <hr/>                                     | <hr/>                          | <hr/>             |
| At 31 August 1994     | 764,922   | 219,831                                   | 267,701                        | 1,252,454         |
|                       | <hr/>   | <hr/>                                     | <hr/>                          | <hr/>             |

The freehold property has been revalued in these accounts to reflect it's net realisable value following the disposal of the property as disclosed in note 16 to the accounts.

If the property had not been revalued it would have been included in the balance sheet at the following amount:

|                | <u>1995</u><br>£ | <u>1994</u><br>£ |
|----------------|------------------|------------------|
| Cost           | 681,927          | 617,277          |
| Depreciation   | (16,690)         | (8,345)          |
|                | <hr/>            | <hr/>            |
| Net book value | 665,237          | 608,932          |
|                | <hr/>            | <hr/>            |

The net book value of motor vehicles shown above includes £404,615 (1994 - £248,810) which have been acquired under finance leases. The depreciation charge for the year on these motor vehicles is £49,739 (1994 - £93,764).

8. TANGIBLE FIXED ASSETS (Continued):

| <u>Company</u>      | <u>Freehold<br/>land and<br/>Buildings</u><br>£ | <u>Fixtures<br/>and<br/>Fittings</u><br>£ | <u>Motor<br/>Vehicles</u><br>£ | <u>Total</u><br>£ |
|---------------------|---|---|--------------------------------|-------------------|
| Cost/Valuation:     |   |   |                                |                   |
| At 1 September 1994 | 776,422   | 292,366                                   | 487,250                        | 1,556,038         |
| Additions           | 64,650  | 101,592                                   | 260,896                        | 427,138           |
| Revaluation         | (24,650)  | -   | -                              | (24,650)          |
| Disposals           | -   | -   | (183,292)                      | (183,292)         |
|                     | <hr/>   | <hr/>                                     | <hr/>                          | <hr/>             |
| At 31 August 1995   | 816,422   | 393,958                                   | 564,854                        | 1,775,234         |
|                     | <hr/>   | <hr/>                                     | <hr/>                          | <hr/>             |
| Depreciation:       |   |   |                                |                   |
| At 1 September 1994 | 11,500  | 91,257                                    | 219,549                        | 322,306           |
| Charge for the year | 11,500  | 40,733                                    | 111,993                        | 164,226           |
| Revaluation         | (23,000)  | -   | -                              | (23,000)          |
| Disposals           | -   | -   | (123,823)                      | (123,823)         |
|                     | <hr/>   | <hr/>                                     | <hr/>                          | <hr/>             |
| At 31 August 1995   | -   | 131,990                                   | 207,719                        | 339,709           |
|                     | <hr/>   | <hr/>                                     | <hr/>                          | <hr/>             |
| Net book value:     |   |   |                                |                   |
| At 31 August 1995   | 816,422   | 261,968                                   | 357,135                        | 1,435,525         |
|                     | <hr/>   | <hr/>                                     | <hr/>                          | <hr/>             |
| At 31 August 1994   | 764,922   | 201,109                                   | 267,701                        | 1,233,732         |
|                     | <hr/>   | <hr/>                                     | <hr/>                          | <hr/>             |



9. INVESTMENT IN SUBSIDIARIES:

|                      | Net cost<br>of<br><u>shares</u> | <u>Revaluation</u> | <u>Total</u> |
|----------------------|---------------------------------|--------------------|--------------|
|                      | £                               | £                  | £            |
| At 1 September 1994  | 146,489                         | 1,203,645          | 1,350,134    |
| Additions            | 454,408                         | -                  | 454,408      |
| Revaluation movement | -                               | (190,628)          | (190,628)    |
|                      | <hr/>                           | <hr/>              | <hr/>        |
| At 31 August 1995    | 600,897                         | 1,013,017          | 1,613,914    |
|                      | <hr/>                           | <hr/>              | <hr/>        |

The Company acquired on 1 April 1995, 60% of the issued share capital of the Harley Temple Group Limited and its subsidiary companies whose principal activities were insurance broking. The remaining balance of 40% was acquired on 7 September 1995 (see accounting policy 1.1). In the period from 1 April 1994 to 31 March 1995 the Harley Temple Group of companies made a consolidated loss after taxation of £38,389 (1994 - profit £6,690).

The Company subscribed for a further £75,000 of share capital in Burke Ford Insurance Brokers Limited on 30 June 1995.

Details of the acquisition of Harley Temple Group Limited and its subsidiary companies are summarised below:

|                         | £        |
|-------------------------|----------|
| Intangible assets       | 26,000   |
| Tangible assets         | 32,850   |
| Debtors                 | 106,966  |
| Cash                    | 34,529   |
| Creditors               | (68,609) |
| Other loans             | (99,507) |
| Goodwill on acquisition | 347,179  |
|                         | <hr/>    |
|                         | 379,408  |
|                         | <hr/>    |

Consideration

|                        |         |
|------------------------|---------|
| Cash                   | 131,000 |
| Deferred consideration | 248,408 |
|                        | <hr/>   |
|                        | 379,408 |
|                        | <hr/>   |

9.. INVESTMENT IN SUBSIDIARIES (Continued):

At 31 August 1995 the Company owned 100% of the share capital of the following subsidiary companies, all of which operate and are incorporated in Great Britain and are registered in England and Wales:

| <u>Name</u>  | <u>Principal activities</u>       |
|--|-----------------------------------|
| Burke Ford Insurance Brokers Limited                           | Lloyd's insurance broker          |
| Burke Ford Reed (UK) Limited                                   | Insurance broker                  |
| Berkeley Burke (Northern) Limited                              | Insurance broker                  |
| Berkeley Burke (Northern) Financial Planning Limited           | Life and pensions broker          |
| Burke Ford Reed (Financial Services) Limited                   | Life and pensions broker          |
| Berkeley Burke (Northern) Trustee Company Limited              | Pensioner Trustee                 |
| Burke Ford Healthcare Limited (formerly Harley Temple Limited) | Private medical insurance adviser |

In addition, there are seven dormant companies.

10. DEBTORS:

|                                 | <u>Group</u>     |                  | <u>Company</u> |                |
|---------------------------------|------------------|------------------|----------------|----------------|
|                                 | <u>1995</u>      | <u>1994</u>      | <u>1995</u>    | <u>1994</u>    |
|                                 | £                | £                | £              | £              |
| Insurance debtors               | 5,683,964        | 5,486,118        | -              | -              |
| Amounts owed by group companies | -                | -                | 50,324         | -              |
| Prepayments and accrued income  | 217,133          | 178,418          | 137,818        | 117,319        |
|                                 | <u>5,901,097</u> | <u>5,664,536</u> | <u>188,142</u> | <u>117,319</u> |

11. CREDITORS: Amounts falling due within one year:

|  | <u>Group</u>     |                  | <u>Company</u>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | <u>1995</u>      | <u>1994</u>      | <u>1995</u>      | <u>1994</u>      |
|  | £                | £                | £                | £                |
| Bank loans (note 12)                       | 27,500           | 23,000           | 27,500           | 23,000           |
| Bank overdraft (note 12)                   | 401,992          | 422,951          | 394,956          | 422,951          |
| Other loans (note 12)                      | 346,269          | 173,528          | 337,447          | 173,528          |
| Insurance creditors                        | 7,538,271        | 7,572,927        | -                | -                |
| Other creditors                            | 54,740           | 52,398           | 54,740           | 52,398           |
| Obligations under finance leases (note 12) | 82,318           | 65,229           | 82,318           | 65,229           |
| Amounts owed to group companies            | -                | -                | 182,136          | 180,459          |
| Corporation tax                            | 70,926           | 170,156          | 12,576           | 72,617           |
| Other taxation and social security costs   | 74,488           | 69,115           | 64,981           | 64,158           |
| Directors' current accounts                | 503,051          | 35,168           | 502,168          | 35,168           |
| Accruals and deferred income               | 625,788          | 303,679          | 523,618          | 267,045          |
|  | <u>9,725,343</u> | <u>8,888,151</u> | <u>2,182,440</u> | <u>1,356,553</u> |

One of the Group's subsidiary companies, Burke Ford Insurance Brokers Limited, has entered into a trust deed, as required by Lloyd's Byelaw (No 5 of 1988), under which all insurance broking assets are subject to a floating charge held on trust by Lloyd's for the benefit of the company's insurance creditors, which at 31 August 1995 amounted to £5,272,514 (1994 - £5,114,419). The charge only becomes enforceable under certain circumstances as set out in the trust deed. The assets of the subsidiary Company subject to this charge are insurance broking debtors amounting to £3,823,309 (1994 - £3,716,350) and cash balances amounting to £2,090,463 (1994 - £2,052,527).

12. CREDITORS: Amounts falling due after more than one year:

|  | <u>Group</u> |             | <u>Company</u> |             |
|--|--------------|-------------|----------------|-------------|
|  | <u>1995</u>  | <u>1994</u> | <u>1995</u>    | <u>1994</u> |
|  | £            | £           | £              | £           |
| Obligations under finance leases (secured - see below)       | 105,447      | 22,487      | 105,447        | 22,487      |
| Bank loans (secured - see below)                             | 153,653      | 184,330     | 153,653        | 184,330     |
| Other loans and deferred consideration (secured - see below) | 375,280      | 311,000     | 293,513        | 311,000     |
| Amounts owed to group companies                              | -            | -           | 322,413        | 322,564     |
|  | <hr/>        | <hr/>       | <hr/>          | <hr/>       |
|  | 634,380      | 517,817     | 875,026        | 840,381     |
|  | <hr/>        | <hr/>       | <hr/>          | <hr/>       |

The above creditors are repayable as follows:

|                            |         |         |         |         |
|----------------------------|---------|---------|---------|---------|
| Between one and two years  | 227,709 | 102,287 | 217,565 | 102,287 |
| Between two and five years | 258,861 | 225,400 | 232,395 | 225,400 |
| After five years           | 147,810 | 190,130 | 425,066 | 512,694 |
|                            | <hr/>   | <hr/>   | <hr/>   | <hr/>   |
|                            | 634,380 | 517,817 | 875,026 | 840,381 |
|                            | <hr/>   | <hr/>   | <hr/>   | <hr/>   |

Bank loans and overdrafts are secured on the assets of the Company by

- (i) a second legal charge over the freehold property;
- (ii) a fixed charge over the fixed asset investments held in subsidiary companies.
- (iii) a Debenture over the remaining assets and undertaking of the Company.

Other loans are secured by

- (i) a first legal charge over the freehold property;
- (ii) a fixed and floating charge over the remaining assets of the Company, ranking behind the bank as detailed above.

Finance leases are secured on certain of the Company's motor vehicles.

13. CALLED UP SHARE CAPITAL:

|                                    | <u>Authorised</u> |             | <u>Issued, called up and fully paid</u> |             |
|------------------------------------|-------------------|-------------|---|-------------|
|                                    | <u>1995</u>       | <u>1994</u> | <u>1995</u>                             | <u>1994</u> |
|                                    | £                 | £           | £                                       | £           |
| 1,000 Ordinary shares of £1 each   | -                 | 1,000       | -                                       | 1,000       |
| 10,000 Ordinary shares of 10p each | 1,000             | -           | 1,000                                   | -           |
|                                    | <hr/>             | <hr/>       | <hr/>                                   | <hr/>       |

On 29 March 1995 the share capital of the Company was reorganised by the subdivision of each ordinary £1 share into 10 ordinary shares of 10p each.

14. RESERVES:

| <u>Group</u>                                     | Reserve<br>arising on<br><u>consolidation</u><br>£ | Revaluation<br><u>reserve</u><br>£ | Other<br><u>reserve</u><br>£ | Profit<br>and loss<br><u>account</u><br>£ |
|--|--|------------------------------------|------------------------------|---|
| At 1 September 1994                              | 777,411  | 159,145                            | 99,000                       | 440,681                                   |
| Revaluation of property                          | -  | (1,650)                            | -                            | -   |
| Goodwill on acquisition<br>of minority interests | (36,329)   | -                                  | -                            | -   |
| Transfer to loans                                | -  | -                                  | (99,000)                     | -   |
| Profit for the year                              | -  | -                                  | -                            | 142,872                                   |
|  | <hr/>  | <hr/>                              | <hr/>                        | <hr/>                                     |
| At 31 August 1995                                | 741,082  | 157,495                            | -                            | 583,553                                   |
|  | <hr/>  | <hr/>                              | <hr/>                        | <hr/>                                     |

Other reserves comprised monies received from certain of the participators to assist the Company in financing an acquisition in earlier years. Following a variation of the arrangement the amount is being refunded to the participators to allow the purchase of shares from an existing shareholder over a period of two years.

The cumulative goodwill written off against Group reserves is £428,629 (1994 - £142,257). In addition a further amount of purchased goodwill of £136,247 was written off against reserves prior to the reorganisation of the Group in 1992.

| <u>Company</u>             | Revaluation<br><u>reserve</u><br>£ | Other<br><u>reserve</u><br>£ | Profit<br>and loss<br><u>account</u><br>£ |
|----------------------------|------------------------------------|------------------------------|---|
| At 1 September 1994        | 1,362,790                          | 99,000                       | 29,291                                    |
| Revaluation of investments | (190,628)                          | -                            | -   |
| Revaluation of property    | (1,650)                            | -                            | -   |
| Transfer to loans          | -                                  | (99,000)                     | -   |
| Profit for the year        | -                                  | -                            | 56  |
|                            | <hr/>                              | <hr/>                        | <hr/>                                     |
| At 31 August 1995          | 1,170,512                          | -                            | 29,347                                    |
|                            | <hr/>                              | <hr/>                        | <hr/>                                     |

15. FINANCIAL COMMITMENTS:

(i) Capital commitments

The capital commitments of both the Group and the Company were as follows:

|   | <u>1995</u><br>£ | <u>1994</u><br>£ |
|---|------------------|------------------|
| Contracted for, but not provided in the<br>financial statements | -                | -                |
|   | <hr/>            | <hr/>            |
| Authorised by the Directors, but not<br>contracted              | 80,000           | -                |
|   | <hr/>            | <hr/>            |

15. FINANCIAL COMMITMENTS (Continued):

(ii) Operating lease commitments

The payments which the Group and the Company are committed to make in the next year under operating leases are as follows:

|                                      | <u>1995</u> | <u>1994</u> |
|--------------------------------------|-------------|-------------|
|                                      | £           | £           |
| Land and buildings, leases expiring: |             |             |
| Within one year                      | -           | -           |
| Two to five years                    | 19,500      | 19,500      |
| Beyond five years                    | 63,625      | 58,625      |
| Equipment, leases expiring:          |             |             |
| Within one year                      | -           | 27,002      |
| Two to five years                    | 58,000      | 25,829      |
| Beyond five years                    | -           | -           |
|                                      | <hr/>       | <hr/>       |
|                                      | 141,125     | 130,956     |
|                                      | <hr/>       | <hr/>       |

16. POST BALANCE SHEET EVENTS:

- (i) On 31 October 1995, the Company acquired 100% of the ordinary share capital of J Trevor, Mortleman & Poland Limited for a total consideration of £768,750.
- (ii) The Company sold its freehold land and buildings to the Burke Ford Insurance Group Limited Retirement and Death Benefit Scheme, a small self-administered scheme for the benefit of certain of the Company's Directors. This took place on 1 November 1995 and the total consideration received was £815,000. On the same date the Company assigned certain of its loans to the Pension fund. The Company will continue to occupy these premises under a lease agreement with the scheme.
- (iii) On 25 January 1996 the Company became a wholly owned subsidiary of Burke Ford (Holdings) Limited, formerly Burke & Sanders (Holdings) Limited.

17. PARENT UNDERTAKING:

The Company's ultimate parent undertaking is Burke Ford (Holdings) Limited, formerly Burke & Sanders (Holdings) Limited, registered in England and Wales. Copies of the ultimate parent company's accounts may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/  
(OUTFLOW) OPERATING ACTIVITIES:

|   | <u>1995</u> | <u>1994</u> |
|---|-------------|-------------|
|   | £           | £           |
| Operating profit                                    | 300,146     | 385,537     |
| Depreciation  | 171,187     | 174,031     |
| Amortisation  | 98,852      | 69,244      |
| Loss/(profit) on sale of tangible fixed assets      | 11,169      | (19,095)    |
| Increase in debtors                                 | (129,595)   | (613,276)   |
| Increase/(decrease) in creditors                    | 694,442     | (647,623)   |
|   | <hr/>       | <hr/>       |
| Net cash inflow/(outflow) from operating activities | 1,146,201   | (651,182)   |
|   | <hr/>       | <hr/>       |

19. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR:

|   | <u>Bank<br/>loans</u><br>£ | <u>Other<br/>loans and<br/>deferred<br/>consideration</u><br>£ | <u>Finance<br/>lease<br/>obligations</u><br>£ |
|---|----------------------------|--|---|
| At 1 September 1993                       | 228,406                    | 517,100  | 163,514                                       |
| Net cash flow from financing              | (21,076)                   | (32,572)   | (75,798)                                      |
| At 1 September 1994                       | 207,330                    | 484,528  | 87,716  |
| Inception of finance leases               | -                          | -  | 242,230                                       |
| Subsidiaries acquired                     | -                          | 99,507   | -   |
| Deferred consideration (note 9)           | -                          | 248,408  | -   |
| Transfer from other reserves<br>(note 14) | -                          | 99,000   | -   |
| Net cash flow from financing              | (26,177)                   | (209,894)  | (142,181)                                     |
| At 31 August 1995                         | 181,153                    | 721,549  | 187,765                                       |

20. ANALYSIS OF CASH AND CASH EQUIVALENTS:

|                       | <u>Cash at<br/>bank and<br/>in hand</u><br>£ | <u>Bank<br/>overdraft</u><br>£ | <u>Total</u><br>£ |
|-----------------------|--|--------------------------------|-------------------|
| At 1 September 1993   | 3,937,988                                    | (304,990)                      | 3,632,998         |
| Net cash outflow      | (937,010)                                    | (117,961)                      | (1,054,971)       |
| At 1 September 1994   | 3,000,978                                    | (422,951)                      | 2,578,027         |
| Net cash inflow       | 57,269                                       | 20,959                         | 78,228            |
| Subsidiaries acquired | 34,529                                       | -                              | 34,529            |
| At 31 August 1995     | 3,092,776                                    | (401,992)                      | 2,690,784         |

BURKE FORD INSURANCE GROUP LIMITED

(FORMERLY BURKE FORD REED  
INSURANCE MANAGEMENT LIMITED)

ACCOUNTS -- 31 AUGUST 1995

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

BURKE FORD INSURANCE GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 1995

The Directors present their report on the affairs of the Company, together with the accounts and auditors' report for the year ended 31 August 1995.

**PRINCIPAL ACTIVITIES:**

The principal activity of the Company is to act as a management company. The subsidiaries act as insurance brokers and life, pensions and investment brokers. With effect from 1 November 1995 the name of the Company was changed from Burke Ford Reed Insurance Management Limited to Burke Ford Insurance Group Limited.

**TRADING REVIEW AND RESULTS FOR THE YEAR:**

The increased level of turnover reflects the increase in the number and scale of the subsidiary companies' operations. It is the objective of the Directors to continue to develop the core activities of the subsidiary companies and to make strategic acquisitions where such opportunities arise.

The Directors recommend that the profit of £56 for the financial year be added to reserves.

The Directors do not recommend payment of a dividend.

**FIXED ASSETS:**

The movement in fixed assets are disclosed in notes 6 and 7 to the accounts. Since the year end the Company's freehold land and buildings have been sold to its pension fund for £815,000. Accordingly a revaluation adjustment has been made in these accounts to write down the value of the property to its net realisable value.

**POST BALANCE SHEET EVENTS:**

- (i) On 31 October 1995, the Company acquired 100% of the ordinary share capital of J. Trevor, Mortleman & Poland Limited for a total consideration of £768,750.
- (ii) The Company sold its freehold land and buildings to the Burke Ford Insurance Group Limited Retirement and Death Benefit Scheme, a Small Self-administered Scheme for the benefit of certain of the Company's Directors. This took place on 1 November 1995 and the total consideration received was £815,000. On the same date the Company assigned certain of its loans to the pension fund. The Company will continue to occupy these premises under a lease agreement with the Scheme.
- (iii) On 25 January 1996 the Company became a wholly owned subsidiary of Burke Ford (Holdings) Limited, formerly Burke & Sanders (Holdings) Limited.



#### DIRECTORS AND DIRECTORS' INTERESTS:

The following have served as Directors for the whole of the year and their interests in the capital of the Company were as stated below:

|                                       | Ordinary<br>shares of<br><u>10p each</u> | Ordinary<br>shares of<br><u>£1 each</u> |
|---------------------------------------|--|---|
|                                       | 1995                                     | 1994                                    |
| D J Burke                             | -  | -                                       |
| S Curtis                              | -  | -                                       |
| R D Peterson                          | 861                                      | 80                                      |
| I C Sanders                           | -  | -                                       |
| M J Boyle (appointed 7 November 1994) | 108                                      | -                                       |
| D Carpmael (appointed 1 January 1995) | -  | -                                       |

Graham Ford, who was a Director of the Company, died on 1 September 1994.

D J Burke and I C Sanders are also Directors of the Company's ultimate parent undertaking Burke and Sanders (Holdings) Limited and their interests in the share capital of group companies are as disclosed in that company's statutory accounts.

S Curtis held 10 ordinary shares of £1 each in the Company's ultimate parent undertaking at 31 August 1995 (1994 10 shares). No other directors had any other interests in the shares of group companies at 31 August 1995 and 1994.

The Directors do not have any other interests required to be disclosed under the Companies Act 1985.

#### 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 the 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:

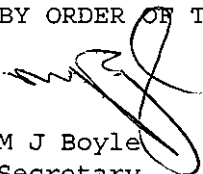
- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

AUDITORS:

The Directors will place a resolution before the Annual General Meeting to re-appoint Chadwick, Chartered Accountants, as auditors.

BY ORDER OF THE BOARD:

A handwritten signature in dark ink, appearing to be 'M J Boyle', written over the printed name and title.

M J Boyle  
Secretary

1 February 1996

# CHADWICK

CHARTERED ACCOUNTANTS

## AUDITORS' REPORT TO THE SHAREHOLDERS OF

### BURKE FORD INSURANCE GROUP LIMITED

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and certain investments and the accounting policies set out on page 8.

#### Respective responsibilities of Directors and Auditors

As described in the Directors' report, 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 at 31 August 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Liverpool - 1 February 1996

  
CHADWICK  
CHARTERED ACCOUNTANTS  
REGISTERED AUDITOR

BURKE FORD INSURANCE GROUP LIMITED

PROFIT AND LOSS ACCOUNT AND STATEMENT OF RETAINED PROFITS

FOR THE YEAR ENDED 31 AUGUST 1995

|  | <u>Note</u> | <u>1995</u><br>£ | <u>1994</u><br>£ |
|--|-------------|------------------|------------------|
| TURNOVER                                   |             | 4,287,640        | 3,691,475        |
| Trading expenses                           |             | (4,370,505)      | (3,510,772)      |
| Other operating income                     | 2           | 174,574          | (37,375)         |
| Operating profit                           | 3           | 91,709           | 143,328          |
| Interest payable and<br>similar charges    | 5           | (74,360)         | (73,071)         |
| Profit before taxation                     |             | 17,349           | 70,257           |
| TAXATION                                   | 6           | (17,293)         | (67,274)         |
| Profit for the financial year              | 14          | 56               | 2,983            |
| PROFIT AND LOSS ACCOUNT, beginning of year |             | 29,291           | 26,308           |
| PROFIT AND LOSS ACCOUNT, end of year       |             | 29,347           | 29,291           |

All amounts included above relate to continuing activities.

The accompanying notes form an integral part of this statement

BURKE FORD INSURANCE GROUP LIMITED

BALANCE SHEET -- 31 AUGUST 1995

|  | <u>Note</u> | £         | <u>1995</u><br>£ | £         | <u>1994</u><br>£ |
|--|-------------|-----------|------------------|-----------|------------------|
| <b>FIXED ASSETS:</b>                                     |             |           |                  |           |                  |
| Intangible assets  | 7           |           | 1,019,626        |           | 987,083          |
| Tangible assets  | 8           |           | 1,435,525        |           | 1,233,732        |
| Investment in subsidiaries                               | 9           |           | 1,613,914        |           | 1,350,134        |
|  |             |           | <hr/>            |           | <hr/>            |
|  |             |           | 4,069,065        |           | 3,570,949        |
| <b>CURRENT ASSETS:</b>                                   |             |           |                  |           |                  |
| Debtors  | 10          | 188,142   |                  | 117,319   |                  |
| Cash in hand   |             | 1,118     |                  | 747       |                  |
|  |             | <hr/>     |                  | <hr/>     |                  |
|  |             | 189,260   |                  | 118,066   |                  |
| CREDITORS - Amounts falling due within one year          | 11          | 2,182,440 |                  | 1,356,553 |                  |
|  |             | <hr/>     |                  | <hr/>     |                  |
| NET CURRENT LIABILITIES                                  |             |           | (1,993,180)      |           | (1,238,487)      |
|  |             |           | <hr/>            |           | <hr/>            |
| Total assets less current liabilities                    |             |           | 2,075,885        |           | 2,332,462        |
| CREDITORS - Amounts falling due after more than one year | 12          |           | (875,026)        |           | (840,381)        |
|  |             |           | <hr/>            |           | <hr/>            |
|  |             |           | 1,200,859        |           | 1,492,081        |
|  |             |           | <hr/>            |           | <hr/>            |
| <b>CAPITAL AND RESERVES:</b>                             |             |           |                  |           |                  |
| Called up share capital                                  | 13          |           | 1,000            |           | 1,000            |
| Revaluation reserve                                      | 14          |           | 1,170,512        |           | 1,362,790        |
| Other reserves   | 14          |           | -                |           | 99,000           |
| Profit and loss account                                  | 14          |           | 29,347           |           | 29,291           |
|  |             |           | <hr/>            |           | <hr/>            |
| SHAREHOLDERS' FUNDS                                      |             |           | 1,200,859        |           | 1,492,081        |
|  |             |           | <hr/>            |           | <hr/>            |

D J Burke

Directors

M J Boyle

Approved by the Directors on 1 February 1996

The accompanying notes form an integral part of this balance sheet.

BURKE FORD INSURANCE GROUP LIMITED  
STATEMENT OF RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 AUGUST 1995

|  | <u>1995</u>      | <u>1994</u>    |
|--|------------------|----------------|
|  | £                | £              |
| Profit for the financial year                          | 56               | 2,983          |
| Unrealised deficit on revaluation of                   |                  |                |
| i) investments   | (190,628)        | 164,457        |
| ii) freehold land and buildings                        | ( 1,650)         | -              |
| Total recognised gains and losses relating to the year | <u>(192,222)</u> | <u>167,440</u> |

RECONCILIATION OF THE MOVEMENT ON SHAREHOLDERS FUNDS

FOR THE YEAR ENDED 31 AUGUST 1995

|   | 1995             | 1994             |
|---|------------------|------------------|
|   | £                | £                |
| Total of recognised gains and losses        | (192,222)        | 167,440          |
| Utilisation of other reserves (see note 14) | ( 99,000)        | -                |
| (Decrease)/increase in shareholders' funds  | <u>(291,222)</u> | <u>167,440</u>   |
| Opening shareholders' funds                 | 1,492,081        | 1,324,641        |
| Closing shareholders' funds                 | <u>1,200,859</u> | <u>1,492,081</u> |

BURKE FORD INSURANCE GROUP LIMITED

NOTES TO ACCOUNTS -- 31 AUGUST 1995

1 STATEMENT OF ACCOUNTING POLICIES:

The accounts have been prepared under the historical cost convention as modified for the revaluation of freehold land and buildings and certain investments and in accordance with applicable accounting standards. The principal accounting policies are:

1.1. Turnover

Turnover represents amounts receivable from service charges to subsidiary companies.

1.2. Tangible Fixed Assets

Fixed assets are stated at cost or valuation, less accumulated depreciation.

Depreciation is provided to write off the cost of fixed assets over their estimated useful economic lives at the following annual rates:

|                       |                      |
|-----------------------|----------------------|
| Freehold Property     | 2% straight line     |
| Fixtures and fittings | 20% reducing balance |
| Motor vehicles        | 20% straight line    |

1.3. Intangible Fixed Assets

Included in intangible fixed assets is goodwill arising on purchase acquisitions and is stated at cost less accumulated amortisation. The goodwill is written off over its useful economic life which ranges between five and twenty years.

1.4. Investments

Investments in subsidiary Companies are stated at the fair value of the underlying net assets. The revaluation from cost to underlying net asset value is recorded through the revaluation reserve.

1.5. Deferred taxation

Deferred taxation is provided using the liability method in respect of all timing differences, except to the extent that the Directors are satisfied that the related tax reductions will continue for the foreseeable future.

1.6. Leased Assets

Where assets are financed by leasing agreements ("finance leases") the assets are included in the balance sheet at cost less depreciation in accordance with the Company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease on a straight line basis.

1.7. Operating leases

Operating leases are charged to the profit and loss account over the life of the lease as they fall due.

1.8. Pension contributions

The company operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the company. The pension cost charge represents contributions payable in the year.

## 2 OTHER OPERATING INCOME:

|  | 1995<br>£ | 1994<br>£ |
|--|-----------|-----------|
| Interest receivable and similar income | 48        | -         |
| Proceeds of Keyman insurance policy    | 200,000   | -         |
| Net return on fixed asset investment   | (25,474)  | (37,375)  |
|  | <hr/>     | <hr/>     |
|  | 174,574   | (37,375)  |
|  | <hr/>     | <hr/>     |

## 3 OPERATING PROFIT

Operating profit is stated after charging the following:

|   | 1995<br>£ | 1994<br>£ |
|---|-----------|-----------|
| Auditors' remuneration                                    | 5,000     | 4,500     |
| Depreciation  | 164,226   | 169,354   |
| Amortisation  | 90,786    | 69,244    |
| Directors' remuneration (including pension contributions) | 812,711   | 502,851   |
| (Profit)/ loss on sale of fixed assets                    | 11,169    | (19,095)  |
| Operating lease rentals - equipment                       | 52,533    | 61,218    |
| - land and buildings                                      | 83,125    | 78,125    |
|   | <hr/>     | <hr/>     |

The group emoluments of the company's directors (including pension contributions) were as follows:

|  | 1995<br>£ | 1994<br>£ |
|--|-----------|-----------|
| Remuneration paid in this company              | 812,711   | 502,851   |
| Emoluments received from other group companies | 45,500    | -         |
|  | <hr/>     | <hr/>     |
|  | 858,211   | 502,851   |
|  | <hr/>     | <hr/>     |

The emoluments (excluding pension contributions) may be analysed as follows:

|                       | 1995<br>£ | 1994<br>£ |
|-----------------------|-----------|-----------|
| Chairman              | 16,667    | 102,173   |
| Highest paid director | 357,197   | 102,699   |
|                       | <hr/>     | <hr/>     |



The emoluments of the remaining directors (excluding pension contributions) were in the following ranges:

|                     | 1995 | 1994 |
|---------------------|------|------|
| £ 35,001 - £ 40,000 | -    | 1    |
| £ 45,001 - £ 50,000 | 1    | -    |
| £ 55,001 - £ 60,000 | -    | 2    |
| £ 75,001 - £ 80,000 | 1    | -    |
| £ 80,001 - £ 85,000 | -    | 1    |
| £140,001 - £145,000 | 1    | -    |
| £175,001 - £180,000 | 1    | -    |

#### 4 EMPLOYEES:

The average number of people employed by the Company in the year was 100 (1994 - 95), and they were employed in the following areas:

|                     | 1995  | 1994  |
|---------------------|-------|-------|
| Insurance brokerage | 61    | 58    |
| Administration      | 39    | 37    |
|                     | <hr/> | <hr/> |
|                     | 100   | 95    |
|                     | <hr/> | <hr/> |

Details of employee costs are as follows:

|                          |           |           |
|--------------------------|-----------|-----------|
| Gross wages and salaries | 2,502,687 | 1,805,157 |
| Social security costs    | 168,303   | 158,514   |
| Other pension costs      | 140,950   | 203,837   |
|                          | <hr/>     | <hr/>     |
|                          | 2,811,940 | 2,167,508 |
|                          | <hr/>     | <hr/>     |

#### 5 INTEREST PAYABLE:

|  | 1995<br>£ | 1994<br>£ |
|--|-----------|-----------|
| Interest on bank loans and overdrafts and other loans wholly repayable within five years | 74,360    | 73,071    |
|  | <hr/>     | <hr/>     |

# 6 TAXATION:

The taxation charge based on the results for the period comprises:

|                                       | 1995<br>£ | 1994<br>£ |
|---------------------------------------|-----------|-----------|
| Corporation tax at 33% (1994 - 32.9%) | 22,000    | 69,000    |
| Adjustment relating to earlier years  | (4,707)   | (1,726)   |
|                                       | <hr/>     | <hr/>     |
|                                       | 17,293    | 67,274    |
|                                       | <hr/>     | <hr/>     |

A provision for deferred taxation has not been made as there are no material timing differences which are likely to reverse in the foreseeable future.

# 7 INTANGIBLE ASSET:

|                     | <u>Goodwill</u><br>£ |
|---------------------|----------------------|
| Cost:               |                      |
| At 1 September 1994 | 1,125,215            |
| Additions           | 127,829              |
| Disposals           | ( 5,441)             |
|                     | <hr/>                |
| At 31 August 1995   | 1,247,603            |
|                     | <hr/>                |
| Amortisation:       |                      |
| At 1 September 1994 | 138,132              |
| Charge for the year | 90,786               |
| Disposals           | ( 941)               |
|                     | <hr/>                |
| At 31 August 1995   | 227,977              |
|                     | <hr/>                |
| Net book value:     |                      |
| At 31 August 1995   | 1,019,626            |
|                     | <hr/>                |
| At 31 August 1994   | 987,083              |
|                     | <hr/>                |

8 TANGIBLE FIXED ASSETS:

|                     | <u>Freehold<br/>land and<br/>buildings</u> | <u>Fixtures<br/>and<br/>fittings</u> | <u>Motor<br/>vehicles</u> | <u>Total</u> |
|---------------------|--|--------------------------------------|---------------------------|--------------|
|                     | £  | £                                    | £                         | £            |
| Cost/Valuation:     |  |                                      |                           |              |
| At 1 September 1994 | 776,422                                    | 292,366                              | 487,250                   | 1,556,038    |
| Additions           | 64,650                                     | 101,592                              | 260,896                   | 427,138      |
| Revaluation         | (24,650)                                   | -                                    | -                         | (24,650)     |
| Disposals           | -  | -                                    | (183,292)                 | (183,292)    |
|                     | <hr/>                                      | <hr/>                                | <hr/>                     | <hr/>        |
| At 31 August 1995   | 816,422                                    | 393,958                              | 564,854                   | 1,775,234    |
|                     | <hr/>                                      | <hr/>                                | <hr/>                     | <hr/>        |
| Depreciation:       |  |                                      |                           |              |
| At 1 September 1994 | 11,500                                     | 91,257                               | 219,549                   | 322,306      |
| Charge for the year | 11,500                                     | 40,733                               | 111,993                   | 164,226      |
| Revaluation         | (23,000)                                   | -                                    | -                         | (23,000)     |
| Disposals           | -  | -                                    | (123,823)                 | (123,823)    |
|                     | <hr/>                                      | <hr/>                                | <hr/>                     | <hr/>        |
| At 31 August 1995   | -  | 131,990                              | 207,719                   | 339,709      |
|                     | <hr/>                                      | <hr/>                                | <hr/>                     | <hr/>        |
| Net book value      |  |                                      |                           |              |
| At 31 August 1995   | 816,422                                    | 261,968                              | 357,135                   | 1,435,525    |
|                     | <hr/>                                      | <hr/>                                | <hr/>                     | <hr/>        |
| At 31 August 1994   | 764,922                                    | 201,109                              | 267,701                   | 1,233,732    |
|                     | <hr/>                                      | <hr/>                                | <hr/>                     | <hr/>        |

The company's freehold property has been revalued in these accounts to reflect its net realisable value following the disposal of the property to the Company's pension fund since the year end (see note 15(ii) ).

If the property had not been revalued it would have been included in the balance sheet at the following amount:

|                | 1995<br>£ | 1994<br>£ |
|----------------|-----------|-----------|
| Cost           | 681,927   | 617,277   |
| Depreciation   | ( 16,690) | ( 8,345)  |
|                | <hr/>     | <hr/>     |
| Net book value | 665,237   | 608,932   |
|                | <hr/>     | <hr/>     |

The net book value of motor vehicles shown above includes £404,615 (1994 - £248,810) which have been acquired under finance leases. The depreciation charge for the year on these motor vehicles is £49,739 (1994 - £93,764).

# 9 INVESTMENT IN SUBSIDIARIES:

|                      | Net cost<br>of<br>shares<br>£ | Revaluation<br>£ | Total<br>£ |
|----------------------|-------------------------------|------------------|------------|
| At 1 September 1994  | 146,489                       | 1,203,645        | 1,350,134  |
| Additions            | 454,408                       | -                | 454,408    |
| Revaluation movement | -                             | (190,628)        | (190,628)  |
| At 31 August 1995    | 600,897                       | 1,013,017        | 1,613,914  |

The Company acquired on 1 April 1995 60% of the issued share capital of the Harley Temple Group Limited and its subsidiary companies whose principal activities were insurance broking. The remaining balance of 40% was acquired on 7 September 1995. In the period from 1 April 1994 to 31 March 1995 the Harley Temple Group of companies made a consolidated loss after taxation of £38,389 (1994 - profit £6,690).

In addition, the Company subscribed for a further £75,000 of share capital in Burke Ford Insurance Brokers Limited on 30 June 1995.

Details of the acquisition of Harley Temple Group Limited and its subsidiary companies are summarised below:

|                        | £        |
|------------------------|----------|
| Intangible assets      | 26,000   |
| Fixed assets           | 32,850   |
| Debtors                | 106,966  |
| Cash                   | 34,529   |
| Creditors              | (68,609) |
| Other loans            | (99,507) |
| Goodwill               | 347,179  |
|                        | <hr/>    |
|                        | 379,408  |
|                        | <hr/>    |
| <u>Consideration</u>   |          |
| Cash                   | 131,000  |
| Deferred consideration | 248,408  |
|                        | <hr/>    |
|                        | 379,408  |
|                        | <hr/>    |

At 31 August 1995 the Company owned 100% of the share capital of the following subsidiary Companies, all of which operate and are incorporated in Great Britain and are registered in England and Wales:

| <u>Name</u>  | <u>Principal activities</u>       |
|--|-----------------------------------|
| Burke Ford Insurance Brokers Limited                           | Lloyd's insurance broker          |
| Burke Ford Reed (UK) Limited                                   | Insurance broker                  |
| Berkeley Burke (Northern) Limited                              | Insurance broker                  |
| Berkeley Burke (Northern) Financial Planning Limited           | Life and pensions broker          |
| Burke Ford Reed (Financial Services) Limited                   | Life and pensions broker          |
| Berkeley Burke (Northern) Trustee Company Limited              | Pensioner Trustee                 |
| Burke Ford Healthcare Limited (formerly Harley Temple Limited) | Private medical insurance adviser |

In addition, there are seven dormant companies.

#### 10 DEBTORS

|                                 | 1995<br>£     | 1994<br>£     |
|---------------------------------|---------------|---------------|
| Amounts owed by group companies | 50,324        | -             |
| Prepayments and accrued income  | 137,818       | 117,319       |
|                                 | <hr/> 188,142 | <hr/> 117,319 |

#### 11 CREDITORS: amounts falling due within one year

|  | 1995<br>£       | 1994<br>£       |
|--|-----------------|-----------------|
| Bank loans (secured - see note 12)                             | 27,500          | 23,000          |
| Bank overdraft (secured - see note 12)                         | 394,956         | 422,951         |
| Other loans (secured - see note 12)                            | 337,447         | 173,528         |
| Other creditors  | 54,740          | 52,398          |
| Obligations under hire purchase leases (secured - see note 12) | 82,318          | 65,229          |
| Amounts owed to Group Companies                                | 182,136         | 180,459         |
| Corporation tax  | 12,576          | 72,617          |
| Other taxation and social security costs                       | 64,981          | 64,158          |
| Directors' current accounts                                    | 502,168         | 35,168          |
| Accruals and deferred income                                   | 523,618         | 267,045         |
|  | <hr/> 2,182,440 | <hr/> 1,356,553 |

12 CREDITORS - amounts falling due after more than one year:

|   | 1995<br>£ | 1994<br>£ |
|---|-----------|-----------|
| Obligations under hire purchase leases<br>(secured - see below) | 105,447   | 22,487    |
| Bank loans (secured - see below)                                | 153,653   | 184,330   |
| Other loans (secured - see below)                               | 214,200   | 311,000   |
| Deferred consideration  | 79,313    | -         |
| Amounts owed to Group Companies                                 | 322,413   | 322,564   |
|   | <hr/>     | <hr/>     |
|   | 875,026   | 840,381   |

The above creditors are repayable as follows:

|                            |         |         |
|----------------------------|---------|---------|
| Between one and two years  | 217,565 | 102,287 |
| Between two and five years | 232,395 | 225,400 |
| After five years           | 425,066 | 512,694 |
|                            | <hr/>   | <hr/>   |
|                            | 875,026 | 840,381 |

Bank loans and overdrafts are secured on the assets of the Company by

- (i) a second legal charge over the freehold property;
- (ii) a fixed charge over the fixed asset investments held in subsidiary companies.
- (iii) a Debenture over the remaining assets and undertaking of the Company.

Other loans are secured by:

- (i) a first legal charge over the freehold property;
- (ii) a fixed and floating charge over the remaining assets of the Company, ranking behind the bank as detailed above.

Hire purchase agreements are secured on certain of the Company's motor vehicles.

13 CALLED UP SHARE CAPITAL:

|                                    | <u>Authorised</u> |           | <u>Issued, called up and fully paid</u> |           |
|------------------------------------|-------------------|-----------|---|-----------|
|                                    | 1995<br>£         | 1994<br>£ | 1995<br>£                               | 1994<br>£ |
| 1,000 Ordinary shares of £1 each   | -                 | 1,000     | -                                       | 1,000     |
| 10,000 Ordinary shares of 10p each | 1,000             | -         | 1,000                                   | -         |
|                                    | <hr/>             | <hr/>     | <hr/>                                   | <hr/>     |

On 29 March 1995 the share capital of the Company was reorganised by the subdivision of each ordinary £1 share into 10 ordinary shares of 10p each.

#### 14 RESERVES:

|                                     | <u>Revaluation<br/>reserve</u> | <u>Other<br/>reserve</u> | <u>Profit<br/>and loss<br/>account</u> |
|-------------------------------------|--------------------------------|--------------------------|--|
|                                     | £                              | £                        | £                                      |
| Opening balance at 1 September 1994 | 1,362,790                      | 99,000                   | 29,291                                 |
| Revaluation of investments          | (190,628)                      | -                        | -                                      |
| Revaluation of property             | ( 1,650)                       | -                        | -                                      |
| Transfer to loans                   | -                              | (99,000)                 | -                                      |
| Profit for the year                 | -                              | -                        | 56                                     |
|                                     | <hr/>                          | <hr/>                    | <hr/>                                  |
| Closing balance at 31 August 1995   | 1,170,512                      | -                        | 29,347                                 |
|                                     | <hr/>                          | <hr/>                    | <hr/>                                  |

Other reserves comprised monies received from certain of the participators to assist the Company in financing an acquisition in earlier years. Following a variation of the arrangement the amount is being refunded to the participators to allow the purchase of shares from an existing shareholder over a period of two years.

#### 15 FINANCIAL COMMITMENTS:

##### (i) Capital commitments

Capital commitments were as follows:

|  | 1995   | 1994  |
|--|--------|-------|
|  | £      | £     |
| Contracted for, but not provided in the financial statements | -      | -     |
|  | <hr/>  | <hr/> |
| Authorised by the directors, but not contracted              | 80,000 | -     |
|  | <hr/>  | <hr/> |

##### (ii) Operating lease commitments

The payments which the Company is committed to make in the next year under operating leases are as follows:

|                                      | 1995    | 1994    |
|--------------------------------------|---------|---------|
|                                      | £       | £       |
| Land and buildings, leases expiring: |         |         |
| Within one year                      | -       | -       |
| Two to five years                    | 19,500  | 19,500  |
| Beyond five years                    | 63,625  | 58,625  |
| Equipment, leases expiring:          |         |         |
| Within one year                      | -       | 27,002  |
| Two to five years                    | 58,000  | 25,829  |
| Beyond five years                    | -       | -       |
|                                      | <hr/>   | <hr/>   |
|                                      | 141,125 | 130,956 |
|                                      | <hr/>   | <hr/>   |

16 POST BALANCE SHEET EVENTS:

- (i) On 31 October 1995, the Company acquired 100% of the ordinary share capital of J. Trevor, Mortleman & Poland Limited for a total consideration of £768,750.
- (ii) The Company sold its freehold land and buildings to the Burke Ford Insurance Group Limited Retirement and Death Benefit Scheme, a Small self-administered Scheme for the benefit of certain of the Company's Directors. This took place on 1 November 1995 and the total consideration received was £815,000. On the same date the Company assigned certain of its loans to the pension fund. The Company will continue to occupy these premises under a lease agreement with the Scheme.
- (iii) On 25 January 1996 the Company became a wholly owned subsidiary of Burke Ford (Holdings) Limited, formerly Burke & Sanders (Holdings) Limited.

17 PARENT UNDERTAKING:

The Company's ultimate parent undertaking is Burke & Sanders (Holdings) Limited, registered in England and Wales. Copies of the ultimate parent company's accounts may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.