

# Burke Ford Group Limited

*(formerly Burke Ford Insurance Group Limited)*

## Report and Accounts

31 August 1999



# Burke Ford Group Limited (formerly Burke Ford Insurance Group Limited)

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Registered No. 2659917

## **DIRECTORS**

D J Burke  
S Curtis  
R D Peterson  
I C Sanders  
C L Reed  
F W Taylor  
N J Manley  
I R Lees  
S Wynne

## **SECRETARY**

I R Lees

## **AUDITORS**

Ernst & Young  
Silkhouse Court  
Tithebarn Street  
Liverpool  
L2 2LE

## **BANKERS**

Barclays Bank plc  
265-267 Lord Street  
Southport  
PR8 1PD

## **SOLICITORS**

Chaffe Street  
Brook House  
77 Fountain Street  
Manchester  
M2 2EE

Davies Wallis Foyster  
5 Castle Street  
Liverpool  
L2 4XE

## **REGISTERED OFFICE**

Vincent House  
17 Stanley Street  
Liverpool  
L1 6AA

 ERNST & YOUNG

## DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 31 August 1999.

### CHANGE OF NAME

On 27 September 1999, the company changed its name from Burke Ford Insurance Group Limited.

### 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 and providers of Private Medical Insurance.

### RESULTS AND DIVIDENDS

The result for the year is a profit of £442,166. An interim dividend of £33,334 has been paid. The directors recommend a final dividend of £266,666.

### DIRECTORS AND THEIR INTERESTS

The directors at 31 August 1999 were as follows:

D J Burke  
S Curtis  
R D Peterson  
I C Sanders  
C L Reed  
F W Taylor  
N J Manley  
I R Lees  
S Wynne (appointed 1 September 1998)

The interests of directors in the share capital of group companies are disclosed in the holding company's accounts. The directors did not have any interests in the share capital of the company in the year.

Directors' and officers' insurance have been taken out during the year.

### EVENTS AFTER THE BALANCE SHEET DATE

On 30 November 1999 the group undertook a reconstruction as a result of which the trades of Burke Ford Renshaw Limited (formerly Swire Renshaw Limited) and Burke Ford Renshaw (Leasing) Limited (formerly Swire Renshaw (Leasing) Limited) were transferred to the company.

### AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members of the Annual General Meeting.

By order of the Board



Secretary

24 December 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of group and of the profit or loss of the group for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**

to the members of Burke Ford Group Limited (formerly Burke Ford Insurance Group Limited)

We have audited the accounts on pages 6 to 17, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8 and 9.

**Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

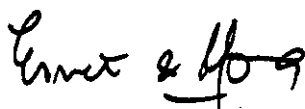
**Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 August 1999 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Registered Auditor  
Liverpool

24 December 1999

Burke Ford Group Limited (formerly Burke Ford Insurance Group Limited)

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 August 1999

	Notes	1999 £	1998 £
<b>TURNOVER</b>		8,235,382	8,317,004
Trading expenses		(7,538,709)	(7,329,990)
Other operating income		84,873	40,324
<b>OPERATING PROFIT</b>	2	781,546	1,027,338
Abortive acquisition costs		-	70,000
		781,546	957,338
Income from shares in group undertakings		100,000	-
Income from other fixed asset investments		10,036	104
Bank interest receivable		7,569	13,733
Interest payable and similar charges	3	(177,815)	(95,856)
		(60,210)	(82,019)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		721,336	875,319
Tax on profit on ordinary activities	5	279,170	382,000
<b>PROFIT FOR THE FINANCIAL YEAR</b>		442,166	493,319
Dividend on equity shares	6	300,000	300,000
<b>PROFIT RETAINED FOR THE FINANCIAL YEAR</b>	17	142,166	193,319

There are no recognised gains or losses other than the results shown above.

All amounts included above relate to continuing activities.

# Burke Ford Group (formerly Burke Ford Insurance Group Limited)

## BALANCE SHEET

at 31 August 1999

	Notes	1999 £	Restated 1998 £
<b>FIXED ASSETS</b>			
Intangible assets	7	1,194,247	1,339,919
Tangible assets	8	1,372,257	1,113,251
Investments	9	5,178,088	1,674,492
		<u>7,744,592</u>	<u>4,127,662</u>
<b>CURRENT ASSETS</b>			
Debtors	10	606,968	264,480
Group loan		1,000,000	-
Cash at bank		49,979	-
		<u>1,656,947</u>	<u>264,480</u>
<b>CREDITORS: amounts falling due within one year</b>	11	2,198,502	1,703,178
<b>NET CURRENT LIABILITIES</b>		<u>(541,555)</u>	<u>(1,438,698)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,203,037</u>	<u>2,688,964</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	12	6,095,885	1,727,705
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	7,445	3,718
		<u>6,103,330</u>	<u>1,731,423</u>
		<u>1,099,707</u>	<u>957,541</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	1,000	1,000
Profit and loss account	17	1,098,707	956,541
		<u>1,099,707</u>	<u>957,541</u>

ERNST & YOUNG

*Q. Lee* - Director

24 December 1999

NOTES TO THE ACCOUNTS

at 31 August 1999

1. ACCOUNTING POLICIES

*Basis of preparation*

The accounts have been prepared under the historical cost convention as modified for the revaluation of certain investments and in accordance with applicable accounting standards.

The company is a wholly owned subsidiary of Burke Ford (Holdings) Limited and is exempt from the requirement to prepare consolidated accounts.

*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. The deferred taxation asset relating to the provision of unfunded pension costs is provided in full as disclosed in Note 11 to the accounts.

*Leasing commitments*

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.

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

*Pensions*

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

In addition to the above, the company operates an unfunded pension scheme for a retired member of staff. In accordance with Statement of Standard Accounting Practice No. 24, provision has been made in the balance sheet for expected future liabilities.

*Depreciation*

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

Improvements to leasehold property	-	over the life of the lease
Fixtures and fittings	-	20% reducing balance
Motor vehicles	-	20% straight line

*Investments in subsidiary undertakings*

Investments in subsidiary undertakings were previously stated at the book value of the underlying net assets. The revaluation from cost to underlying net asset value was recorded through the revaluation reserve.

The directors have decided to follow the more common accounting policy of including investments in subsidiary undertakings in the company's balance sheet at cost unless there has been a permanent impairment in the value of the investment in which case a provision is made. The comparative figures in the accounts have been restated as a consequence of this change in accounting policy.



NOTES TO THE ACCOUNTS

at 31 August 1999

1. ACCOUNTING POLICIES (continued)

*Intangible fixed assets*

Intangible fixed assets comprise goodwill 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.

*Related party transactions*

The company has taken advantage of the exemption of Financial Reporting No. 8 not to disclose related party transactions with other group companies.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:

	1999	1998
	£	£
Auditors' remuneration:		
audit	51,964	23,488
other services	-	4,700
Depreciation	304,360	297,320
Amortisation of goodwill	139,993	139,257
Directors' emoluments	791,133	684,655
Directors' pension contributions	75,600	60,802
Loss/(profit) on sale of fixed assets	4,561	(20,145)
Operating lease rentals:		
equipment	27,955	34,804
land and buildings	323,254	220,874
Lloyd's reconstruction and renewal levy	19,547	19,915

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

	1999	1998
	£	£
Emoluments paid in this company	866,733	745,457
Emoluments received from other group companies	36,000	22,500
	902,733	767,957

The emoluments and pension contributions of the highest paid director were:

Emoluments	150,350	140,842
Pension contributions	14,000	12,800
	164,350	153,642

The directors' pension contributions are company contributions in respect of defined contribution schemes for the benefit of seven directors (1998 - seven)

# Burke Ford Group Limited (formerly Burke Ford Insurance Group Limited)

## NOTES TO THE ACCOUNTS

at 31 August 1999

### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	1999	1998
	£	£
Bank loans and overdrafts	133,929	18,998
Other loans	7,766	29,310
Finance charges payable under finance leases	36,120	47,548
	<u>177,815</u>	<u>95,856</u>

### 4. EMPLOYEES

	1999	1998
	£	£
Gross wages and salaries	4,077,216	3,795,158
Social security costs	387,145	359,996
Other pension costs	445,674	399,506
	<u>4,910,035</u>	<u>4,554,660</u>

The average number of people during the year was as follows:

	1999	1998
	No.	No.
Insurance broking	111	102
Administration	53	53
	<u>164</u>	<u>155</u>

### 5. TAXATION

	1999	1998
	£	£
Corporation tax	261,987	392,262
Adjustment relating to earlier years	10,929	13,658
Transfer to deferred taxation provision	3,727	(21,282)
Release of deferred taxation asset	2,527	(2,638)
	<u>279,170</u>	<u>382,000</u>

# Burke Ford Group Limited (formerly Burke Ford Insurance Group Limited)

## NOTES TO THE ACCOUNTS

at 31 August 1999

### 6. DIVIDEND

	1999	1998
	£	£
Ordinary shares:		
Paid	33,334	83,334
Proposed	266,666	216,666
	<u>300,000</u>	<u>300,000</u>

### 7. INTANGIBLE ASSETS

	£
Goodwill at cost:	
At 1 September 1998	1,918,491
Adjustment to purchase consideration	(5,679)
At 31 August 1999	<u>1,912,812</u>
Amortisation:	
At 1 September 1998	578,572
Charge for the year	139,993
At 31 August 1999	<u>718,565</u>
Net book value:	
At 31 August 1999	<u>1,194,247</u>
At 31 August 1998	<u>1,339,919</u>

NOTES TO THE ACCOUNTS

at 31 August 1999

8. TANGIBLE FIXED ASSETS

	<i>Improvements to leasehold property</i>	<i>Freehold land and buildings</i>	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£
Cost or valuation:					
At 1 September 1998	121,412	1,422	891,097	909,506	1,923,437
Additions	169	202,656	90,419	326,147	619,391
Disposals	-	-	(1,391)	(172,719)	(174,110)
At 31 August 1999	121,581	204,078	980,124	1,062,934	2,368,718
Depreciation:					
At 1 September 1998	7,494	-	416,685	386,007	810,186
Additions	10,597	4,013	94,901	194,849	304,360
Disposals	-	-	-	(118,085)	(118,085)
At 31 August 1999	18,091	4,013	511,586	462,771	996,461
Net book value:					
At 31 August 1999	103,490	200,065	468,538	600,163	1,372,257
-					
At 31 August 1998	113,918	1,422	474,412	523,499	1,113,251
-					

The net book value of motor vehicles includes £503,603 (1998 - £520,996) which are held under finance leases. The depreciation charge for the year on these assets is £112,017 (1998 - £186,779).

The net book value of fixtures and fittings includes £117,941 (1998 - £147,426) which have been acquired under finance leases. The depreciation charge for the year on these assets is £29,485 (1998 - £32,944).

NOTES TO THE ACCOUNTS

at 31 August 1999

9. INVESTMENTS

	<i>Subsidiary undertakings</i>	<i>Associated undertaking</i>	<i>Listed</i>	<i>Unlisted</i>	<i>Total</i>
	£	£	£	£	£
At 1 September 1998:					
As previously stated - at cost or valuation	2,120,809	20,416	2,284	3,342	2,146,851
Revaluation surplus released on change in accountancy policy	(472,359)	-	-	-	(472,359)
As restated at 1 September 1998					
- at cost	1,648,450	20,416	2,284	3,342	1,674,492
Additions	3,491,243	10,000	5,495	1,858	3,508,596
Disposal	(5,000)	-	-	-	(5,000)
At 31 August 1999	5,134,693	30,416	7,779	5,200	5,178,088

The principal subsidiary undertakings in which the company holds the entire issued share capital are as follows:

<i>Name</i>	<i>Principal activities</i>
Burke Ford Insurance Brokers Limited	Lloyd's insurance broker
Burke Ford Property Company Limited (formerly Berkeley Burke (Northern) Limited)	Property holding company
Burke Ford Financial Consultants Limited (formerly Burke Ford Financial Services Limited)	Life and pensions broker
Burke Ford Healthcare Limited	Private medical insurance adviser

At 31 August 1999 the company held 25% of the ordinary share capital of an associated company, SCS Capital Management Limited, which is an investment fund marketing representative. It also held 25% of the ordinary share capital of Alliance Investment Management Limited, a company incorporated in Bermuda which acts as an investment fund manager, as a trade investment.

On 30 April 1999 the company acquired Peter Soppitt (Pensions Consultants) Limited for consideration of £201,205, of which £90,000 is deferred. On 31 May 1999 the company acquired Swire Renshaw Limited and Pentech Limited simultaneously from the same vendor for total consideration of £3,123,939, of which £423,939 is deferred.

The listed investments have a market value at the balance sheet date of £6,414 (1998 £3,371).

# Burke Ford Group Limited (formerly Burke Ford Insurance Group Limited)

## NOTES TO THE ACCOUNTS

at 31 August 1999

### 10. DEBTORS

	1999 £	1998 £
Amounts owed by group companies	295,379	98,778
Other debtors	87,739	55,864
Prepayments and accrued income	223,850	109,838
	<u>606,968</u>	<u>264,480</u>

Other debtors include deferred taxation receivable after more than one year of £38,333 (1998 - £40,860).

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

	1999 £	1998 £
Bank loans (see note 13)	66,668	38,512
Bank overdraft	1,186	28
Deferred consideration on acquisitions	231,313	154,099
Obligations under finance leases (see note 14)	164,052	203,906
Amounts owed to group companies	718,377	216,666
Corporation tax	96,882	368,756
Other taxation and social security costs	160,921	122,428
Directors' current accounts	53,127	51,956
Accruals and deferred income	705,976	546,827
	<u>2,198,502</u>	<u>1,703,178</u>

The bank overdraft is secured by a fixed charge on shares in subsidiary undertakings and a debenture over the assets and undertaking of the company

### 12. CREDITORS: amounts falling due after more than one year:

	1999 £	1998 £
Bank loans (note 13)	3,933,332	340,153
Deferred consideration on acquisitions	282,626	-
Creditor for unfunded pension	113,941	123,088
Obligations under finance leases (note 14)	150,412	96,921
Amounts owed to group companies	1,615,574	1,167,543
	<u>6,095,885</u>	<u>1,727,705</u>

NOTES TO THE ACCOUNTS

at 31 August 1999

13. BANK LOANS

	1999 £	1998 £
Not wholly repayable within five years:		
Commercial mortgage	1,000,000	-
Bank loan	3,000,000	344,290
Wholly repayable within five years:		
Bank loan	-	34,375
	4,000,000	378,665
Less: included in creditors: amounts falling due within one year	66,668	38,512
	3,933,332	340,153
Amounts repayable by instalments:		
Within one year	66,668	38,512
Between one and two years	166,668	47,108
Between two and five years	2,050,004	138,363
After five years	1,716,660	154,682
	4,000,000	378,665

The £1,000,000 commercial mortgage is secured on a property held by a subsidiary company and is repayable by quarterly instalments over 15 years. The company has entered into a fixed interest rate contract for seven years at 7.94% per annum. Thereafter interest is payable at 1.5% above LIBOR per annum.

The £3,000,000 bank loan has been drawn down under a six year Revolving Credit Facility of £3,500,000. Interest is payable at 1.75% above LIBOR per annum.

Bank loans are secured by a fixed charge on shares in subsidiary undertakings and a debenture over the assets and undertaking of the company.

14. OBLIGATIONS UNDER FINANCE LEASES

The maturity of these amount is as follows:

	1999 £	1998 £
Amounts payable:		
Within one year	164,052	203,906
In two to five years	150,412	96,921
	314,464	300,827

NOTES TO THE ACCOUNTS

at 31 August 1999

15. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in deferred taxation in the current and previous years are as follows:

	1999 £	1998 £
At 1 September 1998	3,718	25,000
Movement in the year	3,727	(21,282)
At 31 August 1999	7,445	3,718
Full provision is made for deferred taxation as follows:		
Accelerated capital allowances	18,969	10,757
Other timing differences	(11,524)	(7,039)
	7,445	3,718

The company has provided for a deferred tax asset which is detailed in note 11 to the accounts.

16. CALLED UP SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1999 £	1998 £	1999 £	1998 £
Ordinary shares of 10p each	1,000	1,000	1,000	1,000

17. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 September 1997				
As previously stated	1,000	384,814	763,222	1,149,036
Released on change in accounting policy	-	(384,814)	-	(384,814)
At 1 September 1997 restated	1,000	-	763,222	764,222
Profit for the year	-	-	493,319	493,319
Dividend	-	-	(300,000)	(300,000)
At 1 September 1998	1,000	-	956,541	957,541
Profit for the year	-	-	442,166	442,166
Dividend	-	-	(300,000)	(300,000)
	1,000	-	1,098,707	1,099,707



NOTES TO THE ACCOUNTS

at 31 August 1999

18. FINANCIAL COMMITMENTS

*Operating lease commitments*

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

	1999 £	1998 £
Land and buildings, leases expiring:		
Within one year	-	36,417
Beyond five years	403,213	237,197
Equipment, leases expiring:		
Two to five years	65,571	19,419
	<u>468,784</u>	<u>293,033</u>

19. PARENT UNDERTAKING

The ultimate parent undertaking is Burke Ford (Holdings) Limited, which is registered in England. The parent undertaking of the smallest and largest group of which the company is a member and for which group accounts have been prepared is Burke Ford (Holdings) Limited. Copies of the group accounts may be obtained from the parent undertaking at Vincent House, 17 Stanley Street, Liverpool, L1 6AA.