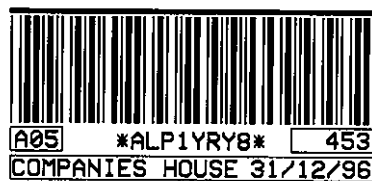


**BURKE FORD INSURANCE GROUP LIMITED**  
**CONSOLIDATED ACCOUNTS - 31 AUGUST 1996**  
**TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS**



# **BURKE FORD INSURANCE GROUP LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 1996**

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 1996.

#### **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 during the year. In particular, on 31 October 1995 the Company acquired 100% of the ordinary share capital of J. Trevor Mortleman & Poland Limited for a total consideration of £791,510 and this is reflected in the increase in turnover from £4.7 million in 1995 to £6.2 million in 1996. The Group has both strengthened its core activities and continued to 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 £277,389 for the financial year be added to reserves. In addition, the Company realised a gain on the sale of its freehold property of £157,495 and this has been transferred to profit and loss account.

The Company paid interim dividends of £143,288, equivalent to £14.33 per share. The Directors recommend a final dividend of £16,666, equivalent to £1.66 per share.

#### **FIXED ASSETS:**

The movement in tangible fixed assets is disclosed in note 9 to the accounts.

#### **DIRECTORS AND DIRECTORS' INTERESTS:**

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

	<i>Ordinary shares of 10p each</i>	
	<i>1996</i>	<i>1995</i>
	<i>or date of appointment</i>	
D.J. Burke	-	-
S. Curtis	-	-
R.D. Peterson	-	861
I.C. Sanders	-	-
M.J. Boyle	-	108
D. Carpmael (resigned 25 January 1996)	-	-
C.L. Reed (appointed 25 January 1996)	-	2851
F.W. Taylor (appointed 25 January 1996)	-	-

All of the above current Directors are also Directors of the Company's ultimate parent undertaking, Burke Ford (Holdings) Limited, and their interests in the share capital of group companies are as disclosed in that company's statutory accounts.

On 25 January 1996 the Company became a wholly owned subsidiary of Burke Ford (Holdings) Limited following a share for share exchange with all the shareholders of this Company. Accordingly the Directors' interests noted above at 31 August 1995 are now reflected in the statutory accounts of Burke Ford (Holdings) Limited.

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

**DIRECTORS AND OFFICERS INSURANCE:**

Directors and Officers insurance has been taken out during the year.

**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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgments 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.

**BY ORDER OF THE BOARD:**



**M.J. BOYLE**  
Secretary  
11 December 1996

**AUDITORS' REPORT TO THE SHAREHOLDERS OF**

**BURKE FORD INSURANCE GROUP LIMITED**

We have audited the financial statements on pages 4 to 25 which have been prepared under the historical cost convention as modified by the revaluation of certain investments and the accounting policies set out on pages 10 to 12.

**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 judgments 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 1996 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Liverpool - 23 December 1996**

  
**Chadwick**  
**Chartered Accountants**  
**Registered Auditor**

**BURKE FORD INSURANCE GROUP LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 AUGUST 1996**

	<i>Note</i>	<i>1996</i> £	<i>1995</i> <i>Restated</i> £
TURNOVER		6,207,728	4,714,183
Trading expenses		(5,487,586)	(4,740,934)
Other operating income	2	174,427	332,340
Operating profit	3	894,569	305,589
Restructuring costs		(81,723)	-
Profit on ordinary activities before interest		812,846	305,589
Interest payable and similar charges	4	(80,022)	(79,391)
Profit before taxation		732,824	226,198
TAXATION	6	(295,481)	(80,733)
Profit for the financial year		437,343	145,465
DIVIDENDS	7	(159,954)	-
Retained profit for the financial year	16	277,389	145,465

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 HISTORICAL COST PROFITS AND LOSSES**

**FOR THE YEAR ENDED 31 AUGUST 1996**

	<i>1996</i>	<i>1995</i>
	£	<i>Restated</i> £
Reported profit on ordinary activities before taxation	732,824	226,198
Realisation of property revaluation gains of previous years	157,495	-
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	890,319	226,198
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation and dividends	434,884	145,465
	<hr/>	<hr/>

**BURKE FORD INSURANCE GROUP LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 31 AUGUST 1996**

	<i>1996</i>	<i>1995</i> <i>Restated</i>
	£	£
Profit for the financial year	277,389	145,465
Unrealised deficit on revaluation of land and buildings	-	(1,650)
Goodwill written off on acquisition of minority interests	-	(36,329)
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	277,389	107,486
	<hr/>	<hr/>

The prior year adjustment has not impacted on the total recognised gains and losses for the year.

**RECONCILIATION OF THE MOVEMENT OF SHAREHOLDERS' FUNDS**

**FOR THE YEAR ENDED 31 AUGUST 1996**

	<i>1996</i>	<i>1995</i> <i>Restated</i>
	£	£
Total of recognised gains and losses	277,389	107,486
Utilisation of other reserves	-	(99,000)
	<hr/>	<hr/>
Increase in shareholders' funds	277,389	8,486
Opening shareholders' funds (originally £1,483,130 before deducting prior year adjustments of £100,509)	1,382,621	1,374,135
	<hr/>	<hr/>
Closing shareholders' funds	1,660,010	1,382,621
	<hr/>	<hr/>

# BURKE FORD INSURANCE GROUP LIMITED

## CONSOLIDATED BALANCE SHEET - 31 AUGUST 1996

	<i>Note</i>	<i>1996</i>		<i>1995</i> <i>Restated</i>	
		£	£	£	£
<b>FIXED ASSETS:</b>					
Intangible assets	8		1,893,579		1,384,739
Tangible assets	9		1,085,077		1,594,616
Investments	10		2,682		-
			<hr/>		<hr/>
			2,981,338		2,979,355
<b>CURRENT ASSETS:</b>					
Debtors	11	12,895,548		5,944,352	
Cash at bank and in hand		3,973,956		3,092,776	
		<hr/>		<hr/>	
		16,869,504		9,037,128	
<b>CREDITORS - Amounts falling due within one year</b>					
	12	(17,026,088)		(9,736,948)	
		<hr/>		<hr/>	
<b>NET CURRENT LIABILITIES</b>			(156,584)		(699,820)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			2,824,754		2,279,535
<b>CREDITORS - Amounts falling due after more than one year</b>					
	13		(1,127,394)		(859,914)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
	14		(37,350)		(37,000)
			<hr/>		<hr/>
			1,660,010		1,382,621
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	15		1,000		1,000
Reserve arising on consolidation	16		741,082		741,082
Revaluation reserve	16		-		157,495
Profit and loss account	16		917,928		483,044
			<hr/>		<hr/>
<b>SHAREHOLDERS' FUNDS</b>			1,660,010		1,382,621
			<hr/>		<hr/>

D.J. Burke

) Directors

M.J. Boyle

Approved by the Directors on 11 December 1996

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



# BURKE FORD INSURANCE GROUP LIMITED

## BALANCE SHEET - 31 AUGUST 1996

	<i>Note</i>	<i>1996</i>	<i>1995</i> <i>Restated</i>
		£	£
FIXED ASSETS:			
Intangible assets	8	958,597	1,019,626
Tangible assets	9	1,072,470	1,553,900
Investments	10	1,946,340	1,613,914
		<hr/>	<hr/>
		3,977,407	4,187,440
CURRENT ASSETS:			
Debtors	11	264,688	231,397
Cash in hand		82,383	1,118
		<hr/>	<hr/>
		347,071	232,515
CREDITORS - Amounts falling due within one year	12	(1,556,201)	(2,194,045)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(1,209,130)	(1,961,530)
		<hr/>	<hr/>
Total assets less current liabilities		2,768,277	2,225,910
CREDITORS - Amounts falling due after more than one year	13	(1,995,082)	(1,100,560)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(25,000)	(25,000)
		<hr/>	<hr/>
		748,195	1,100,350
		<hr/>	<hr/>
CAPITAL AND RESERVES:			
Called up share capital	15	1,000	1,000
Revaluation reserve	16	434,608	1,170,512
Profit and loss account	16	312,587	(71,162)
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		748,195	1,100,350
		<hr/>	<hr/>

D.J. Burke

Directors

M.J. Boyle

Approved by the Directors on 11 December 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 1996**

	<i>Note</i>	<i>1996</i>		<i>1995</i> <i>Restated</i>	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	19		1,953,240		1,165,784
RETURNS ON INVESTMENT AND SERVICING OF FINANCE					
Interest paid		(80,022)		(79,391)	
Dividends paid		(159,954)		-	
			(239,976)		(79,391)
TAXATION PAID					
UK corporation tax paid			(67,286)		(173,686)
INVESTING ACTIVITIES					
Receipts from sale of tangible fixed assets		859,802		52,441	
Receipts from sale of intangible fixed assets		-		4,500	
Purchase of investments		(2,682)		-	
Payments for tangible fixed assets		(178,793)		(185,154)	
Purchase of intangible assets		(8,104)		(127,829)	
Acquisition of subsidiary	10	(401,510)		(131,000)	
Purchase of minority interests		-		(51,175)	
			268,713		(438,217)
NET CASH INFLOW BEFORE FINANCING			1,914,691		474,490
FINANCING					
Receipt of Group Company loans	20	100,844		-	
Receipt of bank loans	20	400,000		-	
Repayment of bank loans	20	(124,842)		(26,177)	
Repayment of other loans	20	(857,802)		(213,764)	
Capital element of finance lease payments	20	(173,763)		(156,321)	
Restructuring costs		(81,723)			
			(737,286)		(396,262)
INCREASE IN CASH AND CASH EQUIVALENTS	21		1,177,405		78,228

## **BURKE FORD INSURANCE GROUP LIMITED**

### **NOTES TO ACCOUNTS - 31 AUGUST 1996**

#### **1. STATEMENT OF ACCOUNTING POLICIES:**

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 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.

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.

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 date 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 amount invoiced and are stated after cedings, discounts, allowances and valued 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:

Improvements to leasehold property	17% straight line
Fixtures and fittings	20% reducing balance or 25% straight line
Motor vehicles	20% straight line

#### 1.4 **Intangible Fixed Assets**

Intangible fixed assets comprise 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. The deferred taxation asset relating to the provision of unfunded pension costs is provided in full as disclosed in note 11 to the accounts.

#### 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 amount due to or from individual entities for whom they act. Insurance debtors and creditors reflect this basis of settlement.

At 31 August 1995 the Group took advantage of the transitional provisions set out in Financial Reporting Standard No. 5 inasmuch as debtors and creditors arising from insurance broking transactions were offset where such treatment reflected the normal method of settlement. As at 31 August 1996 these balances have been grossed up in accordance with the requirements of Financial Reporting Standard No.5. It is not possible to restate the comparative figures and accordingly no adjustments have been made.

#### 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 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.

#### 1.9 **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 charges 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. This liability has not previously been recognised and accordingly a cumulative adjustment has been charged directly against reserves as a prior year adjustment. The liability has been measured by an independent qualified actuary and as at 31 August 1994 showed a cumulative adjustment of £103,102.

1.11 **Related party transactions**

The Company has taken advantage of the exemption of Financial Reporting Standard No.8 not to disclose related party transactions with other Group Companies. Consolidated accounts for the Group are publicly available as detailed in Note 18 to the accounts.

2. **OTHER OPERATING INCOME:**

	<i>1996</i>	<i>1995</i>
	£	£
Interest receivable and similar income	181,702	157,814
Proceeds of Keyman insurance policy	-	200,000
Net return on fixed assets investment	(7,275)	(25,474)
	<hr/>	<hr/>
	174,427	332,340
	<hr/>	<hr/>

3. **OPERATING PROFIT:**

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

	<i>1996</i>	<i>1995</i>
	£	<i>Restated</i> £
Auditors' remuneration - audit	23,500	20,000
- other services	5,146	2,555
Depreciation	251,828	179,077
Amortisation	140,774	98,852
Directors' remuneration (including pension contributions)	726,991	858,211
(Profit)/loss on sale of fixed assets	(4,314)	11,169
Operating lease rentals - equipment	23,697	43,070
- land and buildings	154,000	83,125
Lloyd's reconstruction and renewal levy	11,345	-
Aborted acquisition costs	25,000	-
	<hr/>	<hr/>

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

	£	£
Remuneration paid in this Company	696,991	812,711
Emoluments received from other Group companies	30,000	45,500
	<hr/>	<hr/>
	726,991	858,211
	<hr/>	<hr/>

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

Chairman	11,666	16,667
Highest paid Director	186,105	357,197
	<hr/>	<hr/>

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

	1996	1995
£ 10,001 - £ 15,000	1	-
£ 45,001 - £ 50,000	-	1
£ 60,001 - £ 65,000	1	-
£ 65,001 - £ 70,000	1	-
£ 75,001 - £ 80,000	-	1
£100,001 - £105,000	1	-
£105,001 - £110,000	1	-
£120,001 - £125,000	1	-
£140,001 - £145,000	-	1
£175,001 - £180,000	-	1

4. **INTEREST PAYABLE:**

	1996	1995
	£	Restated £
Interest on bank loans and overdrafts and other loans wholly repayable within five years	49,357	54,393
Interest on hire purchase and finance leases	30,665	24,998
	<hr/>	<hr/>
	80,022	79,391
	<hr/>	<hr/>

## 5. EMPLOYEES:

The average number of people employed by the Group in the year was 124 (1995 -100), and they were employed in the following areas:

	1996	1995
Insurance broking	77	61
Administration	47	39
	<hr/>	<hr/>
	124	100
	<hr/>	<hr/>
	£	£

Details of employee costs are as follows:

Gross wages and salaries	2,727,192	2,502,687
Social Security costs	248,161	168,303
Other pension costs (see below)	373,143	137,080
	<hr/>	<hr/>
	3,348,496	2,808,070
	<hr/>	<hr/>

The pension costs noted above have increased significantly as a result of several acquisitions made during the current and previous periods. The number of employees receiving pension benefits have also increased on attaining eligibility to join the Company's Pension Scheme. In addition, certain existing members of the scheme have had their pension benefits increased.

## 6. TAXATION:

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

	1996	1995 <i>Restated</i>
	£	£
Corporation tax at 33% (1995 - 33%)	299,700	112,588
Adjustment relating to earlier years	(6,234)	(38,132)
Transfer to deferred taxation provision	350	5,000
Release of deferred taxation asset	1,665	1,277
	<hr/>	<hr/>
	295,481	80,733
	<hr/>	<hr/>

The Corporation Tax charge above is after including a tax credit of £27,000 (1995 £Nil) in respect of the restructuring costs.

7. **DIVIDENDS:**

	<i>1996</i> £	<i>1995</i> £
Paid	143,288	-
Proposed	16,666	-
	<hr/>	<hr/>
	159,954	-
	<hr/>	<hr/>

8. **INTANGIBLE ASSETS:**

	<i>Group</i> £	<i>Company</i> £
Goodwill at cost:		
At 1 September 1995	1,634,782	1,247,603
Additions	39,459	39,459
Arising on consolidation of new subsidiary	641,510	-
Adjustment to final purchase consideration	(31,355)	(3,855)
	<hr/>	<hr/>
At 31 August 1996	2,284,396	1,283,207
	<hr/>	<hr/>
Amortisation:		
At 1 September 1995	250,043	227,977
Charge for the year	140,774	96,633
	<hr/>	<hr/>
At 31 August 1996	390,817	324,610
	<hr/>	<hr/>
Net book value:		
At 31 August 1996	1,893,579	958,597
	<hr/>	<hr/>
At 31 August 1995	1,384,739	1,019,626
	<hr/>	<hr/>



9. **TANGIBLE FIXED ASSETS:**

<i>Group</i>	<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/Valuation:					
At 1 September 1995 (restated)	-	816,422	618,582	593,937	2,028,941
Subsidiaries acquired	-	-	26,000	49,000	75,000
Additions	116,869	-	108,749	297,159	522,777
Disposals	-	(815,000)	-	(163,491)	(978,491)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 1996	116,869	1,422	753,331	776,605	1,648,227
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:					
At 1 September 1995 (restated)	-	-	207,095	227,230	434,325
Charge for the year	11,362	-	102,672	137,794	251,828
Disposals	-	-	-	(123,003)	(123,003)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 1996	11,362	-	309,767	242,021	563,150
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:					
At 31 August 1996	105,507	1,422	443,564	534,584	1,085,077
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 1995 (restated)	-	816,422	411,487	366,707	1,594,616
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

All motor vehicles shown above have been acquired under finance leases.

The net book value of fixtures and fittings includes £158,625 (1995 - £118,375) which have been acquired under finance leases. The depreciation charge for the year on these assets is £42,968 (1995 - £7,890).

During the year the freehold land and buildings were sold to the Burke Ford Insurance Group 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 certain loans were assigned to the Pension Scheme. The Company continues to occupy these premises under a lease agreement with the scheme.

<i>Company</i>	<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/Valuation:					
At 1 September 1995 (restated)	-	816,422	520,223	564,854	1,901,499
Additions	116,869	-	108,506	297,158	522,533
Transferred from Group companies at net book value	-	-	41,673	58,572	100,245
Disposals	-	(815,000)	-	(163,491)	(978,491)
At 31 August 1996	116,869	1,422	670,402	757,093	1,545,786
Depreciation:					
At 1 September 1995 (restated)	-	-	139,880	207,719	347,599
Charge for the year	11,362	-	99,564	137,794	248,720
Disposals	-	-	-	(123,003)	(123,003)
At 31 August 1996	11,362	-	239,444	222,510	473,316
Net book value:					
At 31 August 1996	105,507	1,422	430,958	534,583	1,072,470
At 31 August 1995 (restated)	-	816,422	380,343	357,135	1,553,900

The disclosure of assets acquired under finance leases as noted above also applies to the Company.

#### 10. INVESTMENTS:

	<i>Group</i> <i>1996</i> £	<i>1995</i> £	<i>Company</i> <i>1996</i> £	<i>1995</i> £
Investments in subsidiaries (see below)	-	-	1,943,658	1,613,914
Listed investments at cost (see below)	2,052	-	2,052	-
Unlisted investments at cost	630	-	630	-
	2,682	-	1,946,340	1,613,914

Investments in subsidiaries

	<i>Net cost of Shares</i> £	<i>Revaluation</i> £	<i>Total</i> £
At 1 September 1995	600,897	1,013,017	1,613,914
Additions (see below)	831,510	-	831,510
Revaluation movement	-	(578,409)	(578,409)
Transfer from subsidiary company	54,943	-	54,943
Adjustment to final purchase consideration	21,700	-	21,700
	<hr/>	<hr/>	<hr/>
At 31 August 1996	1,509,050	434,608	1,943,658
	<hr/>	<hr/>	<hr/>

The Company acquired on 31 October 1995 100% of the issued share capital of J. Trevor, Mortleman & Poland Limited whose principal activity was insurance broking. In the period from 1 January 1995 to 31 October 1995 the Company's results were as follows:

	£
Turnover	970,053
Expenses	(1,250,460)
	<hr/>
Operating loss	(280,407)
Investment income	88,772
Interest payable	(11,700)
	<hr/>
Loss before taxation	(203,335)
Taxation	24,457
	<hr/>
Loss after taxation	(178,878)
	<hr/>

Details of the acquisition of J. Trevor, Mortleman & Poland Limited are summarised below:

	£
Tangible assets	75,000
Cash	103,615
Creditors	(28,615)
Goodwill on acquisition	641,510
	<hr/>
	791,510
	<hr/>
Consideration:	
Cash	401,510
Deferred cash consideration	390,000
	<hr/>
	791,510
	<hr/>

The Company subscribed for a further £25,000 and £15,000 of share capital in Burke Ford Financial Services Limited and Burke Ford Reed (Financial Services) Limited respectively on 31st May 1996.

At 31 August 1996 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:

<i>Name:</i>	<i>Principal Activities:</i>
Burke Ford Insurance Brokers Limited	Lloyd's Insurance Broker
Burke Ford Reed (UK) Limited	Insurance Broker
Berkeley Burke (Northern) Limited	Insurance Broker
Burke Ford Financial Services Limited	Life and Pensions Broker
Burke Ford Reed (Financial Services) Limited	Life and Pensions Broker
Berkeley Burke (Northern) Trustee Company Limited	Pensioneer Trustee
Burke Ford Healthcare Limited	Private Medical Insurance adviser

In addition, there are nine dormant companies

#### **Listed Investments:**

The listed investments shown at cost above of £2,052 have a market value at the balance sheet date of £2,696.

#### **11. DEBTORS:**

	<i>Group</i>		<i>Company</i>	
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
		<i>Restated</i>		<i>Restated</i>
	£	£	£	£
Insurance debtors	12,576,334	5,683,964	-	-
Amounts owed by Group companies	-	-	20,115	50,324
Other debtors	81,430	49,505	81,430	49,505
Advanced Corporation Tax	31,811	-	31,811	-
Prepayments and accrued income	205,973	210,883	131,332	131,568
	<hr/>	<hr/>	<hr/>	<hr/>
	12,895,548	5,944,352	264,688	231,397
	<hr/>	<hr/>	<hr/>	<hr/>

Other debtors include deferred taxation receivable after more than one year of £45,886 (1995 - £47,840)

12. **CREDITORS:** amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
		<i>Restated</i>		<i>Restated</i>
	£	£	£	£
Bank loans (see note 13)	41,311	27,500	41,311	27,500
Bank overdraft (see note 13)	2,152	401,992	-	394,956
Other loans and deferred consideration (see note 13)	235,730	351,314	235,730	342,492
Insurance creditors	15,399,986	7,538,271	-	-
Other creditors	-	29,740	-	29,740
Obligations under finance leases (see note 13)	220,748	113,878	220,748	113,878
Amounts owed to Group Companies	16,666	-	16,666	182,136
Corporation Tax	118,095	70,926	93,012	12,576
Other taxation and Social Security costs	92,343	74,488	85,490	64,981
Directors' current accounts	567,223	503,051	567,223	502,168
Accruals and deferred income	331,834	625,788	296,021	523,618
	<hr/>	<hr/>	<hr/>	<hr/>
	17,026,088	9,736,948	1,556,201	2,194,045
	<hr/>	<hr/>	<hr/>	<hr/>

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 1996 amounted to £11,153,152 (1995 - £5,272,514). 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 £8,821,743 (1995 - £3,823,309) and cash balances amounting to £3,122,896 (1995 - £2,090,463).

13. **CREDITORS** - amounts falling due after more than one year:

	<i>Group</i>		<i>Company</i>	
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
		<i>Restated</i>		<i>Restated</i>
	£	£	£	£
Obligations under finance leases (secured - see below)	249,363	186,012	249,363	186,012
Bank loans (secured - see below)	415,000	153,653	415,000	153,653
Other loans and deferred consideration	168,031	520,249	168,031	438,482
Amounts owed to Group companies	295,000	-	1,162,688	322,413
	<hr/>	<hr/>	<hr/>	<hr/>
	1,127,394	859,914	1,995,082	1,100,560
	<hr/>	<hr/>	<hr/>	<hr/>

The above creditors are repayable as follows:

Between one and two years	243,764	265,189	243,764	255,045
Between two and five years	258,193	334,182	258,193	307,716
After five years	625,437	260,543	1,493,125	537,799
	<hr/>	<hr/>	<hr/>	<hr/>
	1,127,394	859,914	1,995,082	1,100,560
	<hr/>	<hr/>	<hr/>	<hr/>

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

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

Finance leases are secured on the assets to which they relate.

#### 14. PROVISIONS FOR LIABILITIES AND CHARGES:

<i>Group</i>	<i>Deferred taxation</i> £	<i>Other provisions</i> £	<i>Total</i> £
At 1 September 1995	12,000	25,000	37,000
Profit and loss account	350	-	350
	<hr/>	<hr/>	<hr/>
At 31 August 1996	12,350	25,000	37,350
	<hr/>	<hr/>	<hr/>

The deferred tax liability position of the Group may be summarised as comprising the following elements:

	<i>Provided</i>		<i>Unprovided</i>	
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
	£	£	£	£
Accelerated capital allowances	1,200	1,250	-	-
Rolled over capital gains	-	-	18,500	-
Other timing differences	11,150	10,750	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	12,350	12,000	18,500	-
	<hr/>	<hr/>	<hr/>	<hr/>

No deferred tax has been provided on the disposal of the freehold property as any gains arising will be rolled over and offset against future capital expenditure

<i>Company</i>	<i>Deferred taxation</i> £	<i>Other provisions</i> £	<i>Total</i> £
At 1 September 1995 and 31 August 1996	-	25,000	25,000
	<hr/>	<hr/>	<hr/>

The parent company's only unprovided deferred taxation liability relates to the capital gain arising on the disposal of the freehold property which will be rolled over and offset against future capital expenditure. The maximum amount of unprovided deferred taxation arising on this transaction is £18,500 (1995 - £Nil).

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

15. CALLED UP SHARE CAPITAL:

	<i>Authorised</i>		<i>Issued, called up and fully paid</i>	
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
	£	£	£	£
10,000 Ordinary shares of 10p each	1,000	1,000	1,000	1,000

16. RESERVES:

<i>Group</i>	<i>Reserve arising on consolidation</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>
	£	£	£
At 1 September 1995 as originally reported	741,082	157,495	583,553
Prior year adjustments (see below)	-	-	(100,509)
At 1 September 1995 as restated	741,082	157,495	483,044
Revaluation of property realised	-	(157,495)	157,495
Profit for the year	-	-	277,389
At 31 August 1996	741,082	-	917,928

The cumulative goodwill written off against Group reserves is £569,403 (1995 - £428,629). 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.

<i>Company</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>
	£	£
At 1 September 1995 as originally reported	1,170,512	29,347
Prior year adjustments (see below)	-	(100,509)
At 1 September 1995 as restated	1,170,512	(71,162)
Revaluation of investments	(578,409)	-
Revaluation of property realised	(157,495)	157,495
Profit for the year	-	226,254
At 31 August 1996	434,608	312,587

Prior year adjustments relate to changes in accounting policy arising from the following:

- (i) A lease for the acquisition of computer equipment was previously treated as an operating lease; this has now been reclassified as a finance lease with the related asset and corresponding liability recorded in these accounts.
- (ii) Unfunded pension payments for a retired member of staff have previously been charged to profit and loss account as incurred. This arrangement has been classed as a retirement benefit scheme and accordingly the total future liability has been set up in the balance sheet, together with the related deferred tax asset.

## 17. FINANCIAL COMMITMENTS:

### 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:

	<i>1996</i>	<i>1995</i> <i>Restated</i>
	£	£
Land and buildings, leases expiring:		
Within one year	19,300	-
Two to five years	-	19,500
Beyond five years	163,625	63,625
Equipment, leases expiring:		
Within one year	3,757	-
Two to five years	13,387	20,500
Beyond five years	-	-
	<hr/>	<hr/>
	200,069	103,625
	<hr/>	<hr/>

## 18. PARENT UNDERTAKING:

The Company's ultimate parent undertaking is Burke Ford (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.



19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW  
FROM OPERATING ACTIVITIES:

	1996	1995 <i>Restated</i>
	£	£
Operating profit	894,569	305,589
Depreciation	251,828	179,077
Amortisation	140,774	98,852
(Profit)/loss on sale of tangible fixed assets	(4,314)	11,169
Increase in debtors	(6,921,050)	(123,345)
Increase in creditors	7,591,433	694,442
	<hr/>	<hr/>
Net cash inflow from operating activities	1,953,240	1,165,784
	<hr/>	<hr/>

20. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR:

	<i>Group Company Loan</i>	<i>Bank Loans</i>	<i>Other loans and deferred consideration</i>	<i>Finance lease obligations</i>
	£	£	£	£
At 1 September 1994 as previously reported	-	207,330	484,528	87,716
Prior year adjustment	-	-	153,884	-
	<hr/>	<hr/>	<hr/>	<hr/>
As restated	-	207,330	638,412	87,716
Inception of finance leases	-	-	-	368,495
Subsidiaries acquired	-	-	99,507	-
Deferred consideration	-	-	248,408	-
Transfer from other reserves	-	-	99,000	-
Net cash flow from financing	-	(26,177)	(213,764)	(156,321)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 September 1995	-	181,153	871,563	299,890
New loans received	100,844	400,000	-	-
Deferred consideration	-	-	390,000	-
Inception of finance leases	-	-	-	343,984
ACT surrendered	210,822	-	-	-
Net cash flow from financing	-	(124,842)	(857,802)	(173,763)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 1996	311,666	456,311	403,761	470,111
	<hr/>	<hr/>	<hr/>	<hr/>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS:

	<i>Cash at bank and in hand</i>	<i>Bank overdraft</i>	<i>Total</i>
	£	£	£
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
	<hr/>	<hr/>	<hr/>
At 1 September 1995	3,092,776	(401,992)	2,690,784
Net cash inflow	777,565	399,840	1,177,405
Subsidiaries acquired	103,615	-	103,615
	<hr/>	<hr/>	<hr/>
At 31 August 1996	3,973,956	(2,152)	3,971,804
	<hr/>	<hr/>	<hr/>