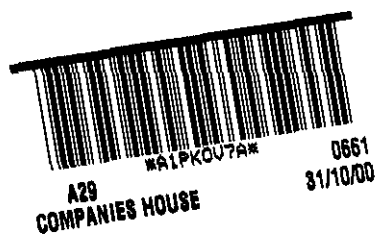


JOHN HOLMAN & SONS LIMITED

REPORT AND ACCOUNTS

30TH JUNE 2000

COMPANY NUMBER 2858300



JOHN HOLMAN & SONS LIMITED

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JOHN HOLMAN & SONS LIMITED

DIRECTORS' REPORT

30th June 2000

The directors present their report and audited accounts for the year ended 30th June 2000.

The members of the company have passed elective resolutions to dispense with:-

1. Laying annual accounts before a General Meeting.
2. Holding an Annual General Meeting.
3. Appointing auditors annually.

Statement of directors' responsibilities

We are required under company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period.

In preparing these accounts we are required to:

select suitable accounting policies and apply them consistently;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

make reasonable and prudent judgements and estimates;

prepare the accounts on a going concern basis unless in our view the group will be unable to continue in business.

We are also responsible for:

keeping proper accounting records;

safeguarding the company's and the group's assets;

taking reasonable steps for the prevention and detection of fraud.

Principal activities

The principal activities of the group are that of registered insurance brokers and renting property.

Business review

The development of the business progresses satisfactorily and opportunities for expansion are continually being sought.

JOHN HOLMAN & SONS LIMITED

DIRECTORS' REPORT

30th June 2000
(continued)

Profit, dividends and appropriations

The results of the group for the year are shown in the group profit and loss account on page 4. The directors do not recommend the payment of a dividend.

Fixed assets

Movements in tangible fixed assets and fixed asset investments are shown in notes 7, 8, 9 and 10 to the accounts.

Directors

The following have served as directors of the company during the year under review:

D M Holman (Chairman)
A M Holman-West

The directors were not granted option or rights to subscribe for shares or debentures of the company or any group company during the year.

None of the directors had an interest in the shares of the company during the year. Mr A M Holman-West was the beneficial owner of Michael McArthur Holdings Limited, the company's ultimate parent undertaking, throughout the year under review. The directors' interests in the shares of the parent undertaking are disclosed in that company's accounts.

Donations

During the year the group made charitable donations of £65 (1999 - £695).

By order of the board



D Scales
Secretary

Registered Office:
12 Arthur Street
London EC4R 9HY

12th October 2000.

JOHN HOLMAN & SONS LIMITED

AUDITORS' REPORT

Auditors' Report to the members of

John Holman & Sons Limited

We have audited the accounts on pages 4 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of 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 and 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 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 the company's and the group's affairs as at 30th June 2000 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HLB Kidsons

Registered Auditors
Chartered Accountants

Chelmsford, Essex

12th October 2000

JOHN HOLMAN & SONS LIMITED
GROUP PROFIT AND LOSS ACCOUNT

for the year ended 30th June 2000

	Note	Year 30 th June 2000		Year 30 th June 1999	
		£	£	£	£
Turnover	2				
Continuing operations		113,301		135,200	
Discontinued operations		—		<u>1,754,738</u>	
		113,301		1,889,938	
Administrative expenses		<u>(666,674)</u>		<u>(3,165,398)</u>	
		(553,373)		(1,275,460)	
Other operating income		<u>178,594</u>		<u>112,841</u>	
Operating (loss)/ profit					
Continued operations		(374,779)		(799,175)	
Discontinued operations		—		<u>(363,444)</u>	
		(374,779)		(1,162,619)	
Exceptional items					
Profit on disposal of business		—		<u>5,931,052</u>	
		(374,779)		4,768,433	
Interest receivable		141,122		256,631	
Interest payable	4	<u>(4)</u>		<u>(237)</u>	
Group (loss)/profit on ordinary activities before taxation		(233,661)		5,024,827	
Taxation on profit on ordinary activities	6	<u>8,290</u>		—	
Group (loss)/profit on ordinary activities after taxation		(225,371)		5,024,827	
Dividends paid		—		<u>(270,000)</u>	
Retained (loss)/profit for the year 18		(225,371)		4,754,827	
Accumulated profit brought forward		<u>5,621,303</u>		<u>866,476</u>	
Accumulated profit carried forward		<u>5,395,932</u>		<u>5,621,303</u>	

There are no recognised gains or losses other than the loss for the financial year of £225,371 (1999 - profit £5,024,827).

JOHN HOLMAN & SONS LIMITED

GROUP BALANCE SHEET

at 30th June 2000

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	7	1,415,710	1,415,764
Investments	8	<u>3,450,962</u>	<u>162,945</u>
		4,866,672	1,578,709
Current assets			
Debtors	11	968,356	377,374
Cash at bank and in hand		<u>1,433,090</u>	<u>5,985,665</u>
		2,401,446	6,363,039
Creditors: amounts falling due within one year	12	<u>(1,453,535)</u>	<u>(1,861,912)</u>
Net current assets		<u>947,911</u>	<u>4,501,127</u>
Total assets less current liabilities		5,814,583	6,079,836
Provision for liabilities and charges	13	<u>(19,883)</u>	<u>(59,765)</u>
		<u>5,794,700</u>	<u>6,020,071</u>
Capital and reserves			
Called up share capital	16	2,700	2,700
Share premium account	17	396,068	396,068
Profit and loss account	18	<u>5,395,932</u>	<u>5,621,303</u>
Equity shareholders' funds	19	<u>5,794,700</u>	<u>6,020,071</u>

The accounts on pages 4 to 17 were approved by the board of directors on 12th October 2000.

D. M. Holman

Director

JOHN HOLMAN & SONS LIMITED

COMPANY BALANCE SHEET

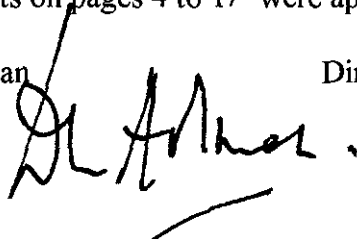
at 30th June 2000

	Note	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	7		1,415,710		1,415,764
Investments	8,10		<u>5,191,103</u>		<u>1,903,086</u>
			6,606,813		3,318,850
Current assets					
Debtors: amounts falling due within one year	11	705,003		114,021	
Debtors: amounts falling due after more than one year	11	<u>263,353</u>		<u>263,353</u>	
		968,356		377,374	
Cash at bank and in hand		<u>1,433,090</u>		<u>5,985,665</u>	
		2,401,446		6,363,039	
Creditors: amounts falling due within one year	12	<u>(1,953,535)</u>		<u>(2,361,912)</u>	
Net current assets			<u>447,911</u>		<u>4,001,127</u>
Total assets less current liabilities			7,054,724		7,319,977
Provision for liabilities and charges	13		<u>(19,883)</u>		<u>(59,765)</u>
			<u>7,034,841</u>		<u>7,260,212</u>
Capital and reserves					
Called up share capital	16		2,700		2,700
Share premium account	17		396,068		396,068
Profit and loss account	18		<u>6,636,073</u>		<u>6,861,444</u>
Equity shareholders' funds			<u>7,034,841</u>		<u>7,260,212</u>

The accounts on pages 4 to 17 were approved by the board of directors on 12th October 2000.

D.M. Holman

Director



JOHN HOLMAN & SONS LIMITED

GROUP CASH FLOW STATEMENT

for the year ended 30th June 2000

	Note	2000	1999
		£	£
Net cash outflow from operating activities	20	(1,421,456)	(690,910)
 Returns on investments and servicing of finance			
Interest received		141,122	256,631
Interest paid		<u>(4)</u>	<u>(237)</u>
		141,118	256,394
 Taxation			
Corporation tax paid		-	(185,813)
 Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(22,781)	(1,491,313)
Receipts from sale of tangible fixed assets		-	39,551
Payments to acquire fixed asset investments		(3,421,931)	(162,945)
Receipts from sale of fixed assets investments		<u>172,475</u>	<u>-</u>
		(3,272,237)	(1,614,707)
 Acquisitions and disposals			
Sale of business		-	6,315,189
 Equity dividends paid		<u>-</u>	<u>(270,000)</u>
 (Decrease)/increase in cash	21,22	<u>(4,552,575)</u>	<u>3,810,153</u>

JOHN HOLMAN & SONS LIMITED

NOTES ON ACCOUNTS

30th June 2000

1. Principal accounting policies

Basis of accounting

The accounts have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules. The company has taken advantage of Section 230 of the Companies Act 1985 and has not published its own profit and loss account.

Basis of consolidation

The group accounts consolidate the accounts of the company and its subsidiary undertakings. Intra-group profits are eliminated on consolidation. Profits and losses of undertakings entering or leaving the group are included from the date of acquisition or up to the date of disposal. The net assets of subsidiaries acquired are included on the basis of their fair value at the date of acquisition being the earlier of the date consideration passes or an offer is declared unconditional.

Intangible assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life which is a maximum of twenty years. Provision is made for any impairment.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

Turnover

Turnover represents brokerage and commissions receivable. The credit for brokerage and commission is generally taken upon cash being received from clients and insurers.

Insurance broking assets and liabilities

The group acts as an agent in broking the insurable risks of its clients and, generally, is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the group's legal relationship with clients and underwriters and since in practice premium and claim monies are usually accounted for by insurance intermediaries, it has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the group itself.

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. Exchange differences are included in operating profit.

JOHN HOLMAN & SONS LIMITED

NOTES ON ACCOUNTS

30th June 2000

(continued)

1. Principal accounting policies (continued)

Leases

Rentals paid under operating leases are charged to income as incurred.

Rental income is credited to income as incurred.

Depreciation

Depreciation of tangible fixed assets other than motor vehicles is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost less any residual value over their expected useful lives which are as follows:

Computers	3 years
Office furniture and equipment	6 ² / ₃ years

Depreciation of motor vehicles is calculated at 25% p.a. using the reducing balance method.

Defined benefit pension scheme

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group on the basis of a constant percentage of earnings.

Deferred taxation

Deferred taxation is provided in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

2. Turnover

Turnover, all of which arises in the United Kingdom, represents amounts derived from the provision of services which fall within the group's ordinary activities.

The group's activities during the year are classed as continuing. There were no acquisitions or disposals in the year.

JOHN HOLMAN & SONS LIMITED

NOTES ON ACCOUNTS

30th June 2000
(continued)

3.	Operating profit	2000	1999
		£	£
	Operating profit is stated after crediting:		
	Rent receivable	175,492	112,428
	Profit on disposal of fixed assets	38,561	85,065
		=====	=====
	and after charging:		
	Auditors' remuneration	1,175	12,925
	Operating leases - rent payable	235,000	318,185
	Goodwill	-	732,184
		=====	=====
	Depreciation		
	Owned assets	22,835	21,896
		=====	=====
4.	Interest payable		
	Bank overdraft	4	237
		==	==

JOHN HOLMAN & SONS LIMITED

NOTES ON ACCOUNTS

30th June 2000
(continued)

	2000 £	1999 £
5. Directors and employees		
a) Staff costs including directors' emoluments		
Wages and salaries	184,126	940,538
Social security costs	16,824	69,729
Other pensions costs	<u>10,011</u>	<u>68,753</u>
	<u>210,961</u>	<u>1,079,020</u>
	Number	Number
Average number employed by the group during the year including directors	8	43
	=	=
	£	£
b) Directors		
Directors' emoluments	<u>67,396</u>	<u>231,507</u>
Pension scheme contributions	<u>-</u>	<u>9,915</u>
None of the directors qualified for benefits under the pension scheme (1999: 2)		
	£	£
6. Taxation		
Corporation tax on profit on ordinary activities at 30% (1999 - 31%)	-	-
Over provisions in previous years	<u>(8,290)</u>	<u>-</u>
	<u>(8,290)</u>	<u>-</u>

JOHN HOLMAN & SONS LIMITED

NOTES ON ACCOUNTS

30th June 2000
(continued)

7. Tangible fixed assets

Group and Company	Freehold property £	Computers £	Office furniture and equipment £	Motor vehicles £	Total £
Cost					
30 th June 1999	1,346,923	3,775	14,732	99,877	1,465,307
Additions	-	-	350	22,431	22,781
30 th June 2000	<u>1,346,923</u>	<u>3,775</u>	<u>15,082</u>	<u>122,308</u>	<u>1,488,088</u>
Depreciation					
30 th June 1999	-	2,175	4,151	43,217	49,543
Charge for year	-	800	2,262	19,773	22,835
30 th June 2000	<u>-</u>	<u>2,975</u>	<u>6,413</u>	<u>62,990</u>	<u>72,378</u>
Net book amount					
30 th June 2000	<u>1,346,923</u>	<u>800</u>	<u>8,669</u>	<u>59,318</u>	<u>1,415,710</u>
30 th June 1999	<u>1,346,923</u>	<u>1,600</u>	<u>10,581</u>	<u>56,660</u>	<u>1,415,764</u>

The Group and Company have no material future capital commitments.

The directors consider that the cost of the freehold investment property is equivalent to current market value.

8. Fixed asset investments

Group and Company	Listed investments £	Unlisted investments £	Total £
At cost			
30th June 1999	48,194	114,751	162,945
Additions	671,931	2,750,000	3,421,931
Disposals	(133,914)	-	(133,914)
Revaluation	-	-	-
30th June 2000	<u>586,211</u>	<u>2,864,751</u>	<u>3,450,962</u>

The market value of the listed investments at 30th June 2000 was £834,894 (1999: £48,194)

9. Subsidiary undertakings

At 30th June 2000 the company had the following subsidiary undertakings:

Name of Subsidiary	Country of incorporation	Class of shares	Proportion held by immediate parent	Nature of business
Checkdaily Projects Ltd	England	Ord £1	100%	Registered insurance broker

The above undertaking is included in the consolidation and is not listed.

JOHN HOLMAN & SONS LIMITED

NOTES ON ACCOUNTS

30th June 2000
(continued)

10. Fixed asset investments

Company

Shares in
Subsidiaries
£

Cost

30th June 2000 and 30th June 1999

1,740,141

11. Debtors

Group
2000
£

Company
2000
£

Group
1999
£

Company
1999
£

Amounts falling due within
one year:

Trade debtors	1,551	1,551	3,326	3,326
Amounts owed by parent company	-	-	6,717	6,717
Amount owed to fellow subsidiaries	113	113	-	-
Other debtors	621,898	621,898	21,354	21,354
Prepayments and accrued income	<u>81,441</u>	<u>81,441</u>	<u>82,624</u>	<u>82,624</u>
	<u>705,003</u>	<u>705,003</u>	<u>114,021</u>	<u>114,021</u>

Amounts falling due after
more than one year:

Other debtors	<u>263,353</u>	<u>263,353</u>	<u>263,353</u>	<u>263,353</u>
	<u>968,356</u>	<u>968,356</u>	<u>377,374</u>	<u>377,374</u>

12. Creditors

Group
2000
£

Company
2000
£

Group
1999
£

Company
1999
£

Amounts falling due
within one year:

Trade creditors	8,123	8,123	5,637	5,637
Amounts owed to parent company	1,334,658	1,334,658	1,341,375	1,341,375
Amounts owed to fellow subsidiaries	-	500,000	308,797	808,797
Corporation tax	-	-	8,290	8,290
Other creditors	5,002	5,002	16,169	16,169
Accruals and deferred income	<u>105,752</u>	<u>105,752</u>	<u>181,644</u>	<u>181,644</u>
	<u>1,453,535</u>	<u>1,953,535</u>	<u>1,861,912</u>	<u>2,361,912</u>

13. Provision for liabilities and charges

Group and Company

1999
£

Profit and
loss account
£

2000
£

Provision for payments under
Direct Motor Guarantees

59,765

(39,882)

19,883

14. Deferred Taxation

There is no potential liability to deferred taxation arising on revenue timing differences.

JOHN HOLMAN & SONS LIMITED

NOTES ON ACCOUNTS

30th June 2000

(continued)

15. Leasing commitments

- i) Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 30th June 2000.

	Land and buildings	
	2000	1999
	£	£
Expiry within one year	235,000	-
Expiring within two to five years	-	235,000
	<u>=====</u>	<u>=====</u>

16. Called up share capital

Equity	Number	Ordinary shares of 1p each 2000 and 1999 £
Authorised	270,000	2,700
	<u>=====</u>	<u>=====</u>
Allotted, called up and fully paid	270,000	2,700
	<u>=====</u>	<u>=====</u>

17. Share premium account

	£
30 th June 2000 and 30 th June 1999	396,068
	<u>=====</u>

18. Profit and loss account

	Group 2000 £	Company 2000 £
1 st July 1999	5,621,303	6,861,444
Loss for the year	<u>(225,371)</u>	<u>(225,371)</u>
30 th June 2000	<u>5,395,932</u>	<u>6,636,073</u>

JOHN HOLMAN & SONS LIMITED

NOTES ON ACCOUNTS

30th June 2000

(continued)

19. Reconciliation of equity shareholders' funds	Group 2000	Group 1999
	£	£
(Loss)/profit for the financial year	(225,371)	5,024,827
Dividends	—	(270,000)
Net (subtraction from)/ addition to shareholders' funds	(225,371)	4,754,827
Opening equity shareholders' funds	<u>6,020,071</u>	<u>1,265,244</u>
Closing equity shareholders' funds	<u>5,794,700</u>	<u>6,020,071</u>
	2000	1999
	£	£
20. Reconciliation of operating loss to net cash outflow from operating activities		
Operating loss	(374,779)	(1,162,619)
Depreciation charges	22,835	21,896
Profit on sale of tangible fixed assets	(38,561)	(85,066)
Provision for diminution in value of investments	—	40,000
(Decrease)/increase in provision for payments to be made under Direct Motor Guarantees	(39,882)	28,098
Increase in debtors	(590,982)	(172,746)
(Decrease)/increase in creditors	(400,087)	1,248,718
Decrease in minority interest	—	(609,191)
Net cash outflow from operating activities	<u>(1,421,456)</u>	<u>(690,910)</u>

JOHN HOLMAN & SONS LIMITED

NOTES ON ACCOUNTS

30th June 2000

(continued)

21. Reconciliation of net cash flow to movement in net cash/(debt)

	2000 £	1999 £
(Decrease)/increase in cash in the year being movement in net cash/(debt) in the year	(4,552,575)	3,810,153
Net cash/(debt) at 1 st July 1999	<u>5,985,665</u>	<u>2,175,512</u>
Net cash/(debt) at 30 th June 2000	<u>1,433,090</u>	<u>5,985,665</u>

22. Analysis of changes in net cash/(debt)

	At 1 st July 1999 £	Cash flows £	At 30 th June 2000 £
Cash at bank and in hand	<u>5,985,665</u>	<u>(4,552,575)</u>	<u>1,433,090</u>

23. Pension Scheme

John Holman & Sons Limited is a member of a group defined benefit pension scheme providing benefits based on final pensionable pay. The assets of the Scheme are held separately from those of the group, being invested with an insurance company and a managed fund. Contributions to the Scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the accrued benefits valuation method based on a 20 year control period.

The most recent valuation was at 1st April 1999. The assumptions which have had the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries. It was assumed that the investment return would be 8.5% per annum and that the probable increase in future earnings would be 7% per annum.

The pension charge for the period under this scheme was £10,011 (1999- £68,753).

The most recent actuarial valuation at 1st April 1999 showed the market value of the Scheme's assets was £4,849,970 and that the actuarial value of those assets together with the discounted value of members and employers future contributions in the control period represent 126% of the benefits that had accrued to members for both current and future service in the control period allowing for expected future increases in earnings.

The employers' contribution rate increased from 11% to 12% of total pensionable salaries from 1st April 1999. The employee contribution rate also increased from 5% to 6%.

JOHN HOLMAN & SONS LIMITED

NOTES ON ACCOUNTS

30th June 2000
(continued)

24. Contingent liabilities

John Holman & Sons Limited has given guarantees to enable certain employees to become members of Lloyd's. The contingent liability under the guarantees amounted to £6,250 at 30th June 2000 (1999 - £6,250).

25. Related party transactions

During the year the group received services from related companies in the normal course of its business with aggregate values for the year as follows:-

	2000	1999
	£	£
Holdfield Group Ltd	-	41,268 (rent)
Sheraton Services Ltd	-	142,140 (printing services)
John Holman Properties Ltd	-	- (rent)
Sheraton Recoveries Ltd	-	2 (debt recovery)
Sheraton Systems Ltd	-	149,813 (computer services)

At 30th June 2000 the following balances were outstanding:

	£	£
Amounts due (from)/ to connected companies:		
Sheraton Systems Ltd	(134)	593
Sheraton Services Ltd	-	5,000
John Holman Properties Ltd	-	171
Sheraton Recoveries Ltd	-	2

The company has taken advantage of the exemption from disclosing transactions and balances with related parties which are within the same group of companies as the company.

During the year, the company advanced £600,000 by way of loan to a Trust, whose Trustees include Mrs E H Holman-West, wife of A M Holman-West. At 30th June 2000 a balance of £600,000 was outstanding.

26. Ultimate parent company and controlling related party

The company's ultimate parent company is Michael McArthur Holdings Limited. The group headed by that company is the smallest and largest group of undertakings for which group accounts are drawn up.

The company is controlled by A M Holman-West