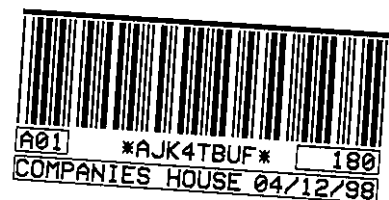


ABBOTT & BRAMWELL LIMITED

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REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 JULY 1998



ABBOTT & BRAMWELL LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1998**

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ABBOTT & BRAMWELL LIMITED

COMPANY INFORMATION AS AT 31 JULY 1998

DIRECTORS

I Bramwell
D Abbott

SECRETARY

J Abbott

REGISTERED OFFICE

Mansen House
318A London Road
Hazel Grove
Stockport
SK7 4RF

REGISTERED NUMBER

2929143

BUSINESS ADDRESS

Mansen House
318A London Road
Hazel Grove
Stockport
SK7 4RF

AUDITORS

Hurst & Company
Chartered Accountants &
Registered Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
SK1 1TD

SOLICITORS

Colemans
Elizabeth House
16 St Peters Square
Manchester
M2 3DF

ABBOTT & BRAMWELL LIMITED

COMPANY INFORMATION
AS AT 31 JULY 1998

PRINCIPAL BANKERS

Royal Bank of Scotland Plc
St Ann Street
Manchester
M60 2SS

ABBOTT & BRAMWELL LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 31 July 1998.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was that of insurance brokers.

REVIEW OF THE BUSINESS

The net profit after providing for taxation amounted to £71,216.

The year has been a satisfactory one and it is anticipated that this performance will be maintained in the forthcoming year.

DIVIDENDS

An interim dividend of £47,000 has been paid. The directors do not propose payment of a final dividend.

On 1 April 1998 I Bramwell and D Abbott waived their rights to dividends of £2000 each.

POST BALANCE SHEET EVENTS

Following an announcement by the Economic Secretary to repeal the Insurance Brokers (Registration) Act 1977, the Insurance Brokers Registration Council has communicated its intention to bring its operations to a close on 31 October 1998. It is not yet clear which body will become responsible for the regulation of Insurance Brokers, however the directors are keeping abreast of developments and will take appropriate action as necessary.

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		1998	1997
I Bramwell	£1 Ordinary Shares	500	500
	£1 Ordinary "A" Shares	50	50
D Abbott	£1 Ordinary Shares	500	500
	£1 Ordinary "A" Shares	50	50

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company 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;
- 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 maintaining 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.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations amounting to £282.

ABBOTT & BRAMWELL LIMITED

DIRECTORS' REPORT

YEAR 2000 ISSUE

The company is undertaking a year 2000 compliance check which included confirmation from software suppliers of compliance.

The client has changed some of its software since the year end and the new packages are year 2000 compliant.

EURO ISSUE

The directors have considered the impact of the introduction of the Euro and are satisfied that there are no issues which affect the company.

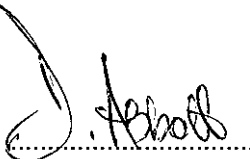
CLOSE COMPANY

The company is a close company, as defined by the Income and Corporation Taxes Act 1988.

AUDITORS

The auditors, Hurst & Company, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

On behalf of the board:



D Abbott
Director

Approved by the board: 23 November 1998

ABBOTT & BRAMWELL LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF THE 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 as to whether 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 as at 31 July 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hurst & Company

.....
Hurst & Company
Chartered Accountants &
Registered Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
SK1 1TD

2 December 1998

ABBOTT & BRAMWELL LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 1998**

	Notes	1998 £	1997 £
TURNOVER		294,632	243,883
Administrative expenses		261,584	229,099
		<u>33,048</u>	<u>14,784</u>
Other operating income		50,618	56,368
OPERATING PROFIT	2	83,666	71,152
Investment income and interest receivable	3	12,704	6,689
Interest payable and similar charges	4	(4,309)	(1,504)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>92,061</u>	<u>76,337</u>
Tax on profit on ordinary activities	6	(20,845)	(18,455)
PROFIT FOR THE FINANCIAL YEAR		<u>71,216</u>	<u>57,882</u>
Dividends	7	(47,000)	(47,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR	15	<u>24,216</u>	<u>10,882</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

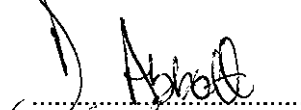
Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

ABBOTT & BRAMWELL LIMITED**BALANCE SHEET
AT 31 JULY 1998**

	Notes	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets	8		63,269		42,622
CURRENT ASSETS					
Debtors	9	127,743		119,086	
Cash at bank and in hand		217,107		115,588	
		<u>344,850</u>		<u>234,674</u>	
CREDITORS: amounts falling due within one year	10	<u>(349,313)</u>		<u>(253,481)</u>	
NET CURRENT LIABILITIES			<u>(4,463)</u>		<u>(18,807)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			58,806		23,815
CREDITORS: amounts falling due after more than one year	11		<u>(17,432)</u>		<u>(6,657)</u>
NET ASSETS			<u>41,374</u>		<u>17,158</u>
CAPITAL AND RESERVES					
Called up share capital	14		1,100		1,100
Profit and loss account	15		<u>40,274</u>		<u>16,058</u>
TOTAL SHAREHOLDERS' FUNDS	16		<u>41,374</u>		<u>17,158</u>

The financial statements were approved by the board of directors on 23 November 1998 .
and signed on its behalf by:


D Abbott
Director

The notes on pages 8 to 15 form part of these financial statements.

ABBOTT & BRAMWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1998

1. STATEMENT OF ACCOUNTING POLICIES

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

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

Turnover

Turnover represents commissions and fees on insurance policies due for renewal during the year. Alterations in commissions arising from returns and additional premiums and adjustments are taken into account as and when they occur.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Motor vehicles	25% reducing balance
Office Equipment	20% reducing balance

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

2. OPERATING PROFIT

Operating profit is stated:	1998	1997
	£	£
After charging:		
Depreciation of fixed assets	18,527	9,568
Auditors' remuneration	3,349	3,231
Operating lease rentals		
Office equipment	630	630
Motor vehicles	4,473	4,467
Buildings	10,000	10,000
	<hr/>	<hr/>
After crediting:		
Rent received	2,852	5,323
	<hr/>	<hr/>

ABBOTT & BRAMWELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1998****3. INVESTMENT INCOME AND INTEREST RECEIVABLE**

	1998 £	1997 £
Interest received and receivable		
Bank interest	<u>12,704</u>	<u>6,689</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £	1997 £
On bank loans	1,176	1,345
Lease finance charges and hire purchase interest	1,855	90
Bank interest	<u>1,278</u>	<u>69</u>
	<u>4,309</u>	<u>1,504</u>

5. INFORMATION ON DIRECTORS AND EMPLOYEES

	1998 £	1997 £
Staff costs		
Wages and salaries	131,915	110,565
Social security costs	<u>12,220</u>	<u>8,842</u>
	<u>144,135</u>	<u>119,407</u>

	1998 No.	1997 No.
The average monthly number of employees during the year was made up as follows:		
Administration	<u>11</u>	<u>9</u>

	1998 £	1997 £
Directors' emoluments		
Remuneration for management services	<u>46,190</u>	<u>45,539</u>

ABBOTT & BRAMWELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1998****6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1998 £	1997 £
The taxation charge comprises:		
UK Corporation tax at 21% (1997 - 21 & 24%)	20,388	18,455
Adjustment in respect of prior years	457	-
	<u>20,845</u>	<u>18,455</u>

7. DIVIDENDS PAID OR PROPOSED

	1998 £	1997 £
On ordinary 'A' shares:		
Interim dividend paid	27,000	33,500
On ordinary shares:		
Interim dividend paid	20,000	13,500
	<u>47,000</u>	<u>47,000</u>

8. TANGIBLE FIXED ASSETS

	Office equipment £	Motor vehicles £	Total £
Cost:			
At 1 August 1997	34,400	29,550	63,950
Additions	12,780	26,395	39,175
At 31 July 1998	<u>47,180</u>	<u>55,945</u>	<u>103,125</u>
Depreciation:			
At 1 August 1997	8,843	12,486	21,329
Charge for year	7,667	10,860	18,527
At 31 July 1998	<u>16,510</u>	<u>23,346</u>	<u>39,856</u>
Net book value:			
At 31 July 1998	<u>30,670</u>	<u>32,599</u>	<u>63,269</u>
At 31 July 1997	<u>25,558</u>	<u>17,064</u>	<u>42,622</u>

ABBOTT & BRAMWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1998

8. TANGIBLE FIXED ASSETS - (continued)

Included above are assets held under finance leases or hire purchase contracts as follows:-

	1998 £	1997 £
Net book values:		
Office Equipment	851	1,064
Motor vehicles	19,797	-
	<u>20,648</u>	<u>1,064</u>
Depreciation charge for the year:		
Office Equipment	213	266
Motor vehicles	6,598	-
	<u>6,811</u>	<u>266</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

9. DEBTORS

	1998 £	1997 £
Trade debtors	119,507	116,259
Other debtors	2,879	-
Prepayments and accrued income	5,357	2,827
	<u>127,743</u>	<u>119,086</u>

10. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts	3,864	9,173
Net obligations under finance leases and hire purchase contracts	5,144	443
Trade creditors	276,252	178,699
Corporation tax	13,253	12,017
Other taxes and social security costs	3,409	3,310
Directors' current accounts	35,428	33,793
Other creditors	-	720
Accruals and deferred income	11,963	15,326
	<u>349,313</u>	<u>253,481</u>

The bank overdrafts and loans are secured by way of a fixed charge over the assets of the company dated 15 May 1995.

ABBOTT & BRAMWELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1998****11. CREDITORS: amounts falling due after more than one year**

	1998 £	1997 £
Loans	1,712	5,992
Net obligations under finance leases and hire purchase contracts	15,720	665
	<u>17,432</u>	<u>6,657</u>

12. BORROWINGS

	1998 £	1997 £
The company's borrowings are repayable as follows		
Up to one year and on demand	3,864	9,173
Between one and two years	1,713	4,403
Between two and five years	-	1,589
	<u>5,577</u>	<u>15,165</u>
Wholly repayable within five years	<u>5,577</u>	<u>15,165</u>
Included in current liabilities	<u>3,864</u>	<u>9,173</u>

13. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1998 £	1997 £
The company's net obligations under finance leases and hire purchase contracts are repayable as follows:		
Within one year or on demand	5,144	443
Between one and two years	4,922	443
Between two and five years	10,798	222
	<u>20,864</u>	<u>1,108</u>
Included in current liabilities	<u>(5,144)</u>	<u>(443)</u>
	<u>15,720</u>	<u>665</u>

ABBOTT & BRAMWELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1998****14. SHARE CAPITAL**

	1998 £	1997 £
Authorised:		
Equity interests:		
Ordinary shares of £1 each	1,000	1,000
Non-equity interests:		
Ordinary "A" shares of £1 each	100	100
	<u>1,100</u>	<u>1,100</u>
 Allotted, called up and fully paid:		
Equity interests:		
Ordinary shares of £1 each	1,000	1,000
Non-equity interests:		
Ordinary "A" shares of £1 each	100	100
	<u>1,100</u>	<u>1,100</u>

The Ordinary 'A' shares have the right to dividends, but no right to vote or share in surplus assets.

15. PROFIT AND LOSS ACCOUNT

	1998 £	1997 £
Retained profit at 1 August 1997	16,058	5,176
Profit for the year	24,216	10,882
	<u>40,274</u>	<u>16,058</u>
Retained profit at 31 July 1998		

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial year	71,216	57,882
Dividends	(47,000)	(47,000)
	<u>24,216</u>	<u>10,882</u>
Net addition to shareholders' funds	24,216	10,882
Opening shareholders' funds	17,158	6,276
	<u>41,374</u>	<u>17,158</u>
Closing shareholders' funds		
 Represented by:-		
Equity interests	41,274	17,058
Non-equity interests	100	100
	<u>41,374</u>	<u>17,158</u>

ABBOTT & BRAMWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1998

17. REVENUE COMMITMENTS

At year end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings		Other	
	1998	1997	1998	1997
	£	£	£	£
Within one year	-	-	4,456	-
More than one year and less than five years	13,500	10,000	630	5,086
	<u>13,500</u>	<u>10,000</u>	<u>5,086</u>	<u>5,086</u>

18. CONTROL

The company is under the control of the two directors D Abbott and I Bramwell who each hold 50% of the voting share capital.

19. RELATED PARTY DISCLOSURES

The directors of Abbott & Bramwell Limited each have a 25% shareholding in Abbott & Bramwell Financial Services Limited, a company incorporated on 16 May 1994.

In July 1998 Abbott & Bramwell Limited incurred expenses on behalf of Abbott & Bramwell Financial Services Limited totalling £2,879. This will be repaid when Abbott & Bramwell Financial Services Limited commences trading. This is included within other debtors.

At the balance sheet date, the company owed the directors the following amounts:

	1998	1997
	£	£
I Bramwell	17,387	16,556
D abbott	18,041	17,237
	<u>35,428</u>	<u>33,793</u>
	<u>=====</u>	<u>=====</u>

These balances are shown in creditors due within one year.

The bank advances are secured by a personal guarantee from the directors in the form of a debenture amounting to £20,000.

ABBOTT & BRAMWELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1998

20. POST BALANCE SHEET EVENTS

Following an announcement by the Economic Secretary to repeal the Insurance Brokers (Registration) Act 1977, the Insurance Brokers Registration Council has communicated its intention to bring its operations to a close on 31 October 1998. It is not yet clear which body will become responsible for the regulation of Insurance Brokers, however the directors are keeping abreast of developments and will take appropriate action as necessary.