

Co. No. 1217536

JOSEPH W. BURLEY AND PARTNERS LIMITED

REPORTS AND FINANCIAL STATEMENTS

30TH APRIL 1997

HART SHAW

Chartered Accountants



JOSEPH W. BURLEY AND PARTNERS LIMITED

REPORTS AND FINANCIAL STATEMENTS

30TH APRIL 1997

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JOSEPH W. BURLEY AND PARTNERS LIMITED

DIRECTORS' REPORT

The directors present their report with the audited financial statements for the year ended 30th April 1997.

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

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is that of insurance broking.

The directors are pleased with the increased level of commissions earned.

RESULTS

The results for the year are set out on page 4.

The directors do not recommend the payment of a dividend.

It is proposed that the retained profit of £42,220 be transferred to reserves.

MARKET VALUE OF LAND AND BUILDINGS

The market value of land and buildings is not significantly different from their net book value.

JOSEPH W. BURLEY AND PARTNERS LIMITED

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors during the year, together with their shareholdings at the beginning and end of the year, were as follows:

		<u>Number of shares</u>	
		<u>1997</u>	<u>1996</u>
	<u>Class of share</u>		
A. Burley	Ordinary shares of £1 each	90,000	90,000
J. R. Verryt	Ordinary shares of £1 each	-	-
A. G. Beighton	Ordinary shares of £1 each	-	-
E. T. Newton	Ordinary shares of £1 each	-	-
M. J. Mawson	Ordinary shares of £1 each	-	-
I. A. Gibson	Ordinary shares of £1 each	-	-
- Resigned 26th July 1996			
A. Smith	Ordinary shares of £1 each	-	-
M. Burley	Ordinary shares of £1 each	-	-
S. Turner	Ordinary shares of £1 each	-	-
- Appointed 9th December 1996			
		<u> </u>	<u> </u>

AUDITORS

The auditors Hart Shaw have expressed their willingness to continue in office, subject to the approval of the members in General Meeting.

Registered office:

Burley House
9 Clarkson Street
Sheffield

10th September 1997

By Order Of The Board


E. T. NEWTON

Secretary

JOSEPH W. BURLEY AND PARTNERS LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF JOSEPH W. BURLEY AND PARTNERS LIMITED

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

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

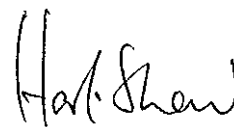
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud, other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30th April 1997 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

SHEFFIELD



HART SHAW

Chartered Accountants
and
Registered Auditors

10th September 1997

JOSEPH W. BURLEY AND PARTNERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH APRIL 1997

		<u>1997</u>	<u>1996</u>
	<u>Note</u>	£	£
TURNOVER	2	906,072	840,951
Administrative expenses		850,468	809,225
OPERATING PROFIT	3	55,604	31,726
Other interest receivable and similar income	6	30,227	27,593
		85,831	59,319
Interest payable and similar charges	7	26,054	30,340
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		59,777	28,979
TAXATION	8	17,557	14,544
RETAINED PROFIT FOR THE FINANCIAL YEAR		42,220	14,435

STATEMENT OF RETAINED PROFITS

	<u>1997</u>	<u>1996</u>
	£	£
At beginning of the year	68,264	53,829
Retained profit for the financial year	42,220	14,435
At end of the year	110,484	68,264

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>1997</u>	<u>1996</u>
	£	£
Profit for the financial year	42,220	14,435
Total gains and losses recognised since the last annual report	42,220	14,435

JOSEPH W. BURLEY AND PARTNERS LIMITED

PROFIT AND LOSS ACCOUNT - CONTINUED

FOR THE YEAR ENDED 30TH APRIL 1997

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>1997</u>	<u>1996</u>
	£	£
Profit for the financial year	42,220	14,435
Net addition to shareholders funds	42,220	14,435
Opening shareholders funds	158,264	143,829
Closing shareholders funds	<u>200,484</u>	<u>158,264</u>

The notes on pages 9 to 17 form part of these financial statements.

JOSEPH W. BURLEY AND PARTNERS LIMITED

BALANCE SHEET - 30TH APRIL 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
		£	£
FIXED ASSETS			
Intangible assets	9	-	1,583
Tangible assets	10	363,576	424,215
Investments	11	2,665	2,665
		<u>366,241</u>	<u>428,463</u>
CURRENT ASSETS			
Debtors	12	174,019	81,526
Cash at bank and in hand		497,354	405,130
		<u>671,373</u>	<u>486,656</u>
CREDITORS			
Amounts falling due within one year	13	644,397	529,168
NET CURRENT ASSETS		<u>26,976</u>	<u>(42,512)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>393,217</u>	<u>385,951</u>
CREDITORS			
Amounts falling due after more than one year	14	192,733	227,687
NET ASSETS		<u>200,484</u>	<u>158,264</u>
CAPITAL AND RESERVES			
Equity interests:			
Called up share capital	17	90,000	90,000
Profit and loss account		110,484	68,264
TOTAL SHAREHOLDERS' FUNDS		<u>200,484</u>	<u>158,264</u>

The financial statements were approved by the Board on 10th September 1997 and signed on their behalf by:

M. BURLEY

- Director

The notes on pages 9 to 17 form part of these financial statements.

JOSEPH W. BURLEY AND PARTNERS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH APRIL 1997

	<u>1997</u>	<u>1996</u>
	£	£
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating profit	55,604	31,726
Depreciation of tangible assets	69,396	77,483
Amortisation of intangible fixed assets	1,583	5,718
Profit on disposal of tangible fixed assets	(5,598)	3,239
Increase in debtors	(91,982)	33,020
Increase in creditors	60,666	(87,114)
NET CASH INFLOW FROM OPERATING ACTIVITIES	89,669	64,072
	<u>1997</u>	<u>1996</u>
	£	£
CASH FLOW STATEMENT		
Net cash inflow from operating activities	89,669	64,072
Returns on investments and servicing of finance	4,093	580
Taxation	(15,858)	(12,671)
Capital expenditure	15,710	(44,102)
Net cash inflow before use of liquid resources	93,614	7,879
Financing	(82,635)	(61,956)
INCREASE IN CASH	10,979	(54,077)
	<u>1997</u>	<u>1996</u>
	£	£
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		
Increase in cash in the year	10,979	(54,077)
Repayment of long term bank loan	10,596	9,027
Inception of hire purchase and finance lease contracts	(18,869)	(68,514)
Repayment of hire purchase and finance lease contracts	72,039	52,929
Change in net funds	74,745	(60,635)
Net funds as at 1st May 1996	26,577	87,212
NET FUNDS AS AT 30TH APRIL 1997	101,322	26,577

JOSEPH W. BURLEY AND PARTNERS LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH APRIL 1997

	<u>1997</u>	<u>1996</u>
	£	£
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	29,716	30,384
Interest paid	(24,198)	(24,417)
Interest element of finance lease payments	(1,425)	(5,387)
	<u>4,093</u>	<u>580</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
TAXATION		
Corporation tax paid	(15,858)	(12,671)
TAXATION PAID	<u>(15,858)</u>	<u>(12,671)</u>
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(10,290)	(46,002)
Receipts from sales of tangible fixed assets	26,000	1,900
NET CASH INFLOW FROM CAPITAL EXPENDITURE	<u>15,710</u>	<u>(44,102)</u>
FINANCING		
Repayment of long term bank loan	(10,596)	(9,027)
Capital element of hire purchase contracts	(54,616)	(31,147)
Capital element of finance lease contracts	(17,423)	(21,782)
NET CASH OUTFLOW FROM FINANCING	<u>(82,635)</u>	<u>(61,956)</u>

ANALYSIS OF CHANGES IN NET FUNDS

	<u>As at 1.5.1996</u>	<u>Cash Flows</u>	<u>Other Changes</u>	<u>As at 30.4.1997</u>
	£	£	£	£
Cash at bank and in hand	405,130	92,224		497,354
Bank overdrafts	(83,204)	(81,245)		(164,449)
	<u>321,926</u>	<u>10,979</u>		<u>332,905</u>
Debt due within one year	(67,662)	63,766	(28,525)	(38,850)
Debt due after one year	(227,687)		28,525	(192,733)
	<u>(295,349)</u>	<u>63,766</u>		<u>(231,583)</u>
TOTAL	<u>26,577</u>	<u>74,745</u>	<u>-</u>	<u>101,322</u>

JOSEPH W. BURLEY AND PARTNERS LIMITED

NOTES TO THE ACCOUNTS - 30TH APRIL 1997

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements are prepared under the historical cost convention.

b) Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards.

c) Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

d) Depreciation

Tangible fixed assets are depreciated in order to write off the cost less residual value of the assets over their estimated useful lives using the following methods and rates:

Freehold buildings	2%	Straight line
Computer equipment	33.33%	Straight line
Fixtures, fittings and equipment	25%	Reducing balance
Motor vehicles	25%	Reducing balance

Freehold land is not depreciated.

e) Investments

Fixed asset investments are stated at cost less provision for diminution in value.

f) Hire purchase and leasing commitments

Assets obtained under hire purchase and finance lease contracts are capitalised in the balance sheet and depreciated over their estimated useful lives, the corresponding liabilities being included within creditors. The interest element of the rental obligations is charged to the profit and loss account over the period of the contract and represents a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

g) Pensions

The cost of providing retirement pensions and related benefits in respect of defined contribution schemes is charged to the profit and loss account when incurred. The contributions are held in administered funds separately from the company's assets.

JOSEPH W. BURLEY AND PARTNERS LIMITED

NOTES TO THE ACCOUNTS - 30TH APRIL 1997

1. ACCOUNTING POLICIES (continued)

h) Capital instruments

All capital instruments are accounted for and classified as equity share capital according to their form.

2. TURNOVER

Turnover represents the value of goods sold and services provided to customers exclusive of value added tax. The turnover and pre-tax profit are all attributable to the principal activity.

	<u>1997</u>	<u>1996</u>
	£	£
3. OPERATING PROFIT		
Operating profit is stated after charging:		
Directors' emoluments	256,028	229,089
Directors' pension contributions	16,525	12,369
Depreciation of intangible assets	1,583	5,718
Depreciation of tangible fixed assets		
- owned assets	41,676	19,174
- leased assets	27,720	58,309
Operating lease rentals		
- plant and machinery	2,624	-
Auditors' remuneration	4,195	4,113
Remuneration of auditors for non-audit work	2,368	2,420
Profit on disposal of tangible fixed assets	(5,598)	3,239

	<u>1997</u>	<u>1996</u>
	£	£
4. DIRECTORS' EMOLUMENTS		
The emoluments of the highest paid director were as follows:		
Chairman's remuneration	64,393	56,713
Money purchase pension scheme contributions	9,000	3,750

JOSEPH W. BURLEY AND PARTNERS LIMITED

NOTES TO THE ACCOUNTS - 30TH APRIL 1997

	<u>1997</u>	<u>1996</u>
	£	£
5. EMPLOYEE INFORMATION		
Employment costs, including the directors, during the year amounted to:		
Wages and salaries	497,812	446,985
Social security costs	48,168	42,230
Other pension costs	18,580	17,774
	<u>564,560</u>	<u>506,989</u>
	<u>Number</u>	<u>Number</u>
The average number of employees, including the directors, during the year was:		
Office and management	22	19
Sales	8	7
	<u>30</u>	<u>26</u>
	<u>1997</u>	<u>1996</u>
	£	£
6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank interest receivable	<u>30,227</u>	<u>27,593</u>
	<u>1997</u>	<u>1996</u>
	£	£
7. INTEREST PAYABLE AND SIMILAR CHARGES		
Bank loans and overdrafts and other loans wholly repayable within five years	2,503	124
All other loans	14,819	17,118
Hire purchase interest	7,307	7,711
Finance lease interest	1,425	5,387
	<u>26,054</u>	<u>30,340</u>

JOSEPH W. BURLEY AND PARTNERS LIMITED

NOTES TO THE ACCOUNTS - 30TH APRIL 1997

	<u>1997</u>	<u>1996</u>
	£	£
8. TAXATION		
Current year:		
Corporation tax on profits for the year at 24/21%	17,781	16,083
Transfer from deferred taxation	-	(1,539)
	<u>17,781</u>	<u>14,544</u>
Adjustments in respect of previous years:		
Corporation tax	(224)	-
	<u>17,557</u>	<u>14,544</u>

9. INTANGIBLE FIXED ASSETS

	<u>Goodwill</u>
	£
COST	
At 1st May 1996 and at 30th April 1997	<u>81,675</u>
PROVISION FOR DIMINUTION IN VALUE	
At 1st May 1996	80,092
Charge for year	1,583
	<u>81,675</u>
NET BOOK VALUE	
At 30th April 1997	<u>-</u>
At 30th April 1996	<u>1,583</u>

JOSEPH W. BURLEY AND PARTNERS LIMITED

NOTES TO THE ACCOUNTS - 30TH APRIL 1997

10. TANGIBLE FIXED ASSETS

	<u>Freehold Property</u>	<u>Plant and Machinery</u>	<u>Fixtures, Fittings & Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£	£
COST					
At 1.5.1996	262,183	90,864	87,908	193,766	634,721
Additions	-	2,004	846	26,309	29,159
Disposals	-	-	-	(39,891)	(39,891)
At 30.4.1997	<u>262,183</u>	<u>92,868</u>	<u>88,754</u>	<u>180,184</u>	<u>623,989</u>
DEPRECIATION					
At 1.5.1996	24,149	54,825	57,649	73,883	210,506
Charge for year	3,243	22,697	7,618	35,838	69,396
Disposals	-	-	-	(19,489)	(19,489)
At 30.4.1997	<u>27,392</u>	<u>77,522</u>	<u>65,267</u>	<u>90,232</u>	<u>260,413</u>
NET BOOK VALUE					
At 30.4.1997	<u>234,791</u>	<u>15,346</u>	<u>23,487</u>	<u>89,952</u>	<u>363,576</u>
At 30.4.1996	<u>238,034</u>	<u>36,039</u>	<u>30,259</u>	<u>119,883</u>	<u>424,215</u>

Included in freehold property is £100,000 (1996 - £100,000) in respect of land which is not depreciated.

Included in fixed assets are the following amounts in respect of assets held under finance leases or hire purchase contracts:

	<u>Net Book Value</u>	
	<u>1997</u>	<u>1996</u>
	£	£
Computer equipment	-	17,251
Motor vehicles	83,169	118,487
	<u>83,169</u>	<u>135,738</u>

JOSEPH W. BURLEY AND PARTNERS LIMITED

NOTES TO THE ACCOUNTS - 30TH APRIL 1997

11. FIXED ASSET INVESTMENTS

Other investments:	Unlisted
COST	£
At 1st May 1996 and at 30th April 1997	<u>30,414</u>
PROVISION FOR DIMINUTION IN VALUE	
At 1st May 1996 and at 30th April 1997	<u>27,749</u>
NET BOOK VALUE	
At 30th April 1997	<u>2,665</u>
At 30th April 1996	<u>2,665</u>

1997
£

1996
£

12. DEBTORS

Amounts falling due within one year:

Trade debtors	163,361	73,136
Other debtors	437	1,100
Prepayments and accrued income	10,221	7,290
	<u>174,019</u>	<u>81,526</u>

1997
£

1996
£

13. CREDITORS

Amounts falling due within one year:

Bank loans and overdrafts	174,774	93,638
Insurance creditors	382,439	300,148
Obligations under finance lease contracts	-	17,423
Obligations under hire purchase contracts	28,525	39,805
Trade creditors	5,893	23,391
Corporation tax	17,781	16,083
Other taxes and social security costs	13,510	14,804
Directors' current accounts	3,420	5,236
Other creditors	2,423	-
Accruals and deferred income	15,632	18,640
	<u>644,397</u>	<u>529,168</u>

JOSEPH W. BURLEY AND PARTNERS LIMITED

NOTES TO THE ACCOUNTS - 30TH APRIL 1997

	<u>1997</u>	<u>1996</u>
	£	£
14. CREDITORS		
Amounts falling due after more than one year:		
Bank loans	179,579	190,066
Obligations under hire purchase contracts	13,154	37,621
	<u>192,733</u>	<u>227,687</u>
Included in the above are the following amounts in respect of loans repayable by instalments:		
Bank loans:		
Repayable between one and two years	10,500	11,272
Repayable between two and five years	32,800	39,545
Repayable after more than five years	136,279	139,249
	<u>179,579</u>	<u>190,066</u>
All other loans:		
Repayable between one and two years	12,617	30,445
Repayable between two and five years	537	7,176
	<u>13,154</u>	<u>37,621</u>
	<u>192,733</u>	<u>227,687</u>

The bank loans are repayable by monthly instalments of £2,134 and interest is charged at 1.75% above bank base rate.

15. SECURED CREDITORS

The bank loan is secured by a fixed charge over the company's freehold property.

	<u>1997</u>	<u>1996</u>
	£	£
16. LEASE COMMITMENTS		
The following amounts are due under operating leases in the next year:		
Plant and machinery		
Expiring within two to five years	<u>5,961</u>	<u>-</u>

JOSEPH W. BURLEY AND PARTNERS LIMITED

NOTES TO THE ACCOUNTS - 30TH APRIL 1997

	<u>1997</u>	<u>1996</u>
	£	£
17. SHARE CAPITAL		
Authorised		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
90,000 Ordinary shares of £1 each	<u>90,000</u>	<u>90,000</u>

18. TRANSACTIONS WITH DIRECTORS/RELATED PARTIES

The following directors had interest free loans during the year as follows:

<u>Director</u>	<u>1997</u>	<u>1996</u>	<u>Maximum in year</u>
	£	£	£
A. Burley	-	-	4,664
M. J. Mawson	<u>437</u>	<u>-</u>	<u>-</u>

Creditors falling due within one year includes £3,420 which is owed to A. Burley who is a director of the company.

During the year the company traded with A. Burley and his close family to the value of £4,417. Discounts totalling £768 were obtained on this business and a balance of £212 was outstanding at the year end.

	<u>1997</u>	<u>1996</u>
	£	£
19. CAPITAL COMMITMENTS		
Contracted for but not provided in these financial statements	<u>-</u>	<u>18,729</u>

20. CONTINGENT LIABILITIES

The company is liable to repay a proportion of commission earned in respect of policies which may be cancelled, resulting in a return of premium. Any such amounts are netted against commissions earned in the year of cancellation and from past experience have proved to be negligible.

JOSEPH W. BURLEY AND PARTNERS LIMITED

NOTES TO THE ACCOUNTS - 30TH APRIL 1997

21. CONTROLLING PARTY

The ultimate controlling party is A. Burley , a director, who controls 100% of the share capital.