



BDO Stoy Hayward
Chartered Accountants

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Lonham Group Limited

Report and Financial Statements

For the Period 1 January 1998

to 31 July 1998



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COMPANIES HOUSE 4/2/99

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LONHAM GROUP LIMITED

Annual report and financial statements for the period from 1 January 1998 to 31 July 1998

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Directors

M Ayres
N Hamer
C Hindle
D Stannard

Secretary and registered office

D Stannard
The Captain's House
81 Grimwade Street
Ipswich
Suffolk
IP4 1LN

Company number

1679607

Auditors

BDO Stoy Hayward
Knapton House
12 Lower Brook Street
Ipswich
Suffolk
IP4 1AT

LONHAM GROUP LIMITED

Report of the directors for the period from 1 January 1998 to 31 July 1998

The directors present their report together with the audited financial statements for the period from 1 January 1998 to 31 July 1998.

Results

The profit and loss account is set out on page 4 and shows the profit for the period.

Principal activities & review of business

The company's main activities continue to be the provision of underwriting, claims handling and consultancy work within the marine insurance industry.

The subsidiary undertakings were dormant during the period.

With effect from 15 June 1998 the trade and activities carried on with Contship UK Limited were transferred to Contship UK Limited. Thereafter the company continued its trade with all other customers.

Important events since the period end

Immediately after the balance sheet date the company repurchased 10,000 £1 ordinary shares. As a result of this transaction the ultimate holding company became Latertopic Limited on 1 August 1998

Directors

The directors of the company during the period and their interests in the ordinary share capital of Latertopic Limited were:

	£1 ordinary shares fully paid	
	1998	1997
JP Mawson (resigned 31.7.98)	-	-
GJ Fraser (appointed 27.2.98 - resigned 31.7.98)	-	-
GC Gray (resigned 27.2.98)	-	-
CEM Battistello (resigned 27.2.98)	-	-
M Ayres (appointed 31.7.98)	25	-
N Hamer (appointed 31.7.98)	25	-
C Hindle (appointed 31.7.98)	25	-
D Stannard (appointed 31.7.98)	25	-

No directors held any interest in the ordinary share capital of any other company in the group at the beginning or end of the financial period.

Year 2000

The company is currently assessing the impact of the Year 2000 issue on its business and operations. The costs of addressing these issues have not yet been quantified. However they are not anticipated to be significant.

LONHAM GROUP LIMITED

Report of the directors for the period from 1 January 1998 to 31 July 1998 (*Continued*)

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;
- 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.

Auditors

PriceWaterhouseCoopers resigned as auditors on 31 July 1998. The directors appointed BDO Stoy Hayward to fill the casual vacancy. BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small-sized companies.

By order of the Board 27 JANUARY 1999

D. Stannard

D Stannard
Director

M. Ayres

M Ayres
Director



BDO Stoy Hayward
Chartered Accountants

Knapton House
12 Lower Brook Street
Ipswich Suffolk IP4 1AT

LONHAM GROUP LIMITED

Report of the auditors

To the shareholders of Lonham Group Limited

We have audited the financial statements on pages 4 to 11 which have been prepared in accordance with applicable accounting standards and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the 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 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 the company's affairs as at 31 July 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

Chartered Accountants
and Registered Auditors
Ipswich

27 January 1999

LONHAM GROUP LIMITED**Profit and loss account for the period from 1 January 1998 to 31 July 1998**

	Note	1998 £	Year to 31 December 1997 £
Turnover	2	587,239	962,925
Revaluation of building		-	(163,432)
Administrative expenses		(418,010)	(736,209)
Operating profit	4	169,229	63,284
Interest receivable		5,324	8,646
Interest payable and similar charges		(6,696)	(12,266)
Profit on ordinary activities before taxation		167,857	59,664
Taxation on profit on ordinary activities		(55,185)	14,730
Profit on ordinary activities after taxation		112,672	74,394
Dividends (equity)		(345,000)	-
Retained (loss)/profit for the period		(232,328)	74,394
Retained profit brought forward		261,259	186,865
Retained profit carried forward		28,931	261,259

The notes on pages 6 to 11 form part of these financial statements.

LONHAM GROUP LIMITED

Balance sheet at 31 July 1998

	Note	1998	31 December 1997
		£	£
Fixed assets			
Tangible assets	5	133,280	147,881
Investments	6	4	4
		<u>133,284</u>	<u>147,885</u>
Current assets			
Debtors	7	1,671,122	1,299,773
Cash at bank and in hand		180,259	202,769
		<u>1,851,381</u>	<u>1,502,542</u>
Creditors: amounts falling due within one year	8	<u>1,871,486</u>	<u>1,285,302</u>
Net current (liabilities)/assets		<u>(20,105)</u>	<u>217,240</u>
Total assets less current liabilities		<u>113,179</u>	<u>365,125</u>
Creditors: amounts falling due after more than one year	9	<u>(74,148)</u>	<u>(93,866)</u>
Net assets		<u>39,031</u>	<u>271,259</u>
Capital and reserves			
Called up share capital	10	10,100	10,000
Profit and loss account		28,931	261,259
Shareholders' funds – equity interests		<u>39,031</u>	<u>271,259</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small-sized companies.

The financial statements were approved by the Board on 27th January 1999

D. Stannard

D Stannard
Director

M Ayres
Director

The notes on pages 6 to 11 form part of these financial statements.

LONHAM GROUP LIMITED

Notes forming part of the financial statements for the period from 1 January 1998 to 31 July 1998

1 Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land & building, and are in accordance with the applicable accounting standards. The following principal accounting policies have been applied:

Group accounts

The company has not prepared group accounts as it is exempt from the requirement to do so by Section 248 of the Companies Act 1985 and the group qualifies as a small group for the period ended 31 July 1998.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Freehold land and building	-	2% per annum
Office equipment	-	33.3% per annum
Motor vehicles	-	25% per annum

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise.

Insurance commission earned

Insurance commission is credited to the profit and loss account when agreed premium is invoiced.

Operating leases

Operating lease annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Pensions

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

LONHAM GROUP LIMITED

Notes forming part of the financial statements for the period from 1 January 1998 to 31 July 1998
(Continued)

1 Accounting policies (Continued)

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Cashflow statement

No cashflow statement has been prepared, as the group is exempt from Financial Reporting Standard No 1 under the provisions for small companies as set out in Sections 246 to 249 of the companies Act 1985.

2 Turnover

Turnover is wholly attributable to the principal activity of the company. In the directors' opinion, 20% (1997:20%) of turnover arises outside the United Kingdom.

3 Directors

	1 January 1998 to 31 July 1998 £	Year to 31 December 1997 £
Directors' emoluments consist of:		
Directors remuneration (including pension contributions)	28,051	75,656

During the period 1 director was a member of the company's defined contribution pension scheme (1997:1).

4 Operating profit

	1 January 1998 to 31 July 1998 £	Year to 31 December 1997 £
This has been arrived at after charging/(crediting):		
Profit on disposal of fixed assets	(1,312)	(85)
Depreciation of tangible fixed assets	19,754	43,913
Permanent diminution in freehold land & building	-	163,432
Exchange losses	7,556	5,770
Auditors' remuneration		
- audit services	5,125	5,365
- non audit services	2,500	-
Operating lease rentals		
- office equipment	991	2,827
- motor vehicles	-	1,089
Pension contributions	24,702	43,176

LONHAM GROUP LIMITED

Notes forming part of the financial statements for the period from 1 January 1998 to 31 July 1998
(Continued)

5 Tangible assets

	Freehold land and building £	Office equipment £	Motor vehicles £	Total £
<i>Cost/valuation</i>				
At 1 January 1998	137,178	188,032	53,962	379,172
Additions	-	3,356	16,193	19,549
Disposals	-	(14,813)	(35,048)	(49,861)
At 31 July 1998	137,178	176,575	35,107	348,860
<i>Depreciation</i>				
At 1 January 1998	47,178	157,326	26,787	231,291
Provided for the period	1,250	11,245	7,259	19,754
Disposals	-	(11,267)	(24,198)	(35,465)
At 31 July 1998	48,428	157,304	9,848	215,580
<i>Net book value</i>				
At 31 July 1998	88,750	19,271	25,259	133,280
At 31 December 1997	90,000	30,706	27,175	147,881

Freehold land and building are stated at:

	31 July 1998 £	31 December 1997 £
Cost	300,610	300,610
Revaluation – 1997	(163,432)	(163,432)
At 31 December 1997 - open market value	137,178	137,178

The historical cost net book value of the land and building is:

Cost	300,610	300,610
Accumulated depreciation based on historical cost	(50,685)	(47,178)
Historical cost net book value	249,925	253,432

The freehold land and building was revalued by Fenn Wright, Chartered Surveyors, on the basis of the open market value at 31 December 1997.

LONHAM GROUP LIMITED

Notes forming part of the financial statements for the period from 1 January 1998 to 31 July 1998
(Continued)

6 Fixed asset investments

Investments in subsidiaries	31 July 1998 £	31 December 1997 £
Cost	4	4

The investments in subsidiary undertakings consist of a 100% interest in both Lonham Marine Underwriters Limited and Lonham Claims and Recovery Bureau Limited. Both companies are incorporated in England and Wales and neither company has traded since incorporation.

7 Debtors

	31 July 1998 £	31 December 1997 £
Trade debtors	1,279,978	1,236,318
Amounts due from group undertakings	351,841	35,560
Other debtors	3,357	1,755
Prepayments and accrued income	35,946	26,140
	1,671,122	1,299,773

All amounts shown under debtors fall due for payment within one year.

8 Creditors: amounts falling due within one year

	31 July 1998 £	31 December 1997 £
Bank loan (secured)	32,348	31,569
Trade creditors	1,595,318	1,110,015
Amounts owed to group undertakings	-	43,339
Corporation tax	55,185	-
Other taxes and social security costs	8,704	4,045
Other creditors	128,567	71,341
Accruals and deferred income	51,364	24,993
	1,871,486	1,285,302

LONHAM GROUP LIMITED

Notes forming part of the financial statements for the period from 1 January 1998 to 31 July 1998
(Continued)

9 Creditors: amounts falling due after more than one year

	31 July 1998 £	31 December 1997 £
Bank loan (secured)	<u>74,148</u>	<u>93,866</u>
Included within the above are amounts falling due as follows:-		
In 1 - 2 years	34,912	32,670
In 2 - 5 years	<u>39,236</u>	<u>61,196</u>
	<u>74,148</u>	<u>93,866</u>

10 Share capital

	Authorised		Allotted, called up and fully paid	
	31 July 1998 £	31 December 1997 £	31 July 1998 £	31 December 1997 £
Ordinary shares of £1 each	<u>45,000</u>	<u>45,000</u>	<u>10,100</u>	<u>10,000</u>

On 31 July 1998 100 ordinary shares of £1 each were issued at par to Latertopic Limited.

11 Reconciliation of movements in shareholders' funds

	31 July 1998 £	31 December 1997 £
(Loss)/profit for the period	(232,328)	74,394
Issue of shares	<u>100</u>	-
Net (reduction of)/addition to shareholders' funds	(232,228)	74,394
Opening shareholders' funds	<u>271,259</u>	<u>196,865</u>
Closing shareholders' funds	<u>39,031</u>	<u>271,259</u>

LONHAM GROUP LIMITED

Notes forming part of the financial statements for the period from 1 January 1998 to 31 July 1998
(Continued)

12 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

Certain employees of the company are members of a group defined benefit pension scheme operated by Contship Containerlines Limited, an intermediate parent company. Appropriate disclosures relating to the scheme are made in the accounts of that company.

The pension cost charge represents contributions payable by the company to the funds.

13 Capital commitments

At 31 July 1998 the company had capital commitments as follows:

	31 July 1998 £	31 December 1997 £
Contracted but not provided for	-	5,000

14 Commitments under operating leases

As at 31 July 1998, the company had annual commitments under non-cancellable operating leases as set out below:

	31 July 1998 Other £	31 December 1997 Other £
Operating leases which expire:		
In one to two years	991	2,156

15 Ultimate parent company

At the balance sheet date the company was a 99% subsidiary of Contship UK Limited. The intermediate parent company, for which group financial statements are prepared, was Contship Holdings Limited. Accounts are available from its registered office 62-65 Trafalgar Square, London, WC2N 5DY.

At the balance sheet date the directors considered the ultimate parent company to be Canadian Pacific Limited (incorporated in Canada), Calgary, Alberta, T2P 4Z5, Canada.

As a result of the repurchase of 10,000 ordinary shares from Contship UK Limited on 1 August 1998, Latertopic Limited became the ultimate parent company on that date.

16 Related party transactions

The company has taken advantage of the exemption from disclosure of transactions and balances with group undertakings, available to it as a subsidiary undertaking where more than 90% of voting rights are controlled within the group.

LONHAM GROUP LIMITED

Notes forming part of the financial statements for the period from 1 January 1998 to 31 July 1998
(Continued)

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