

Nicholson White & Co Limited

Financial Statements

For the year ended
31st December 1995

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Nicholson White & Co Limited

Report of the Directors

The directors present their report and accounts for the year ended 31st December 1995.

Activities and business review

The principal activity of the company consists of insurance broking.

The turnover and profit for the year were as follows:

	<u>1995</u>	<u>1994</u>
Turnover	<u>£333,275</u>	<u>£226,978</u>
Profit for the year before taxation	51,092	63,903
Taxation	<u>(15,265)</u>	<u>(17,298)</u>
Profit after taxation	<u>£ 35,827</u>	<u>£ 46,605</u>

Dividend

Dividends of £50 per ordinary share have been paid during the year.

Directors and their interests

The directors who have served during the year were:

M.J. White
R. Ingham (Resigned 19th January 1995)

The interests, including family interests, of the directors in the share capital of the company are as follows:

	Ordinary shares of £1 each	
	<u>1995</u>	<u>and 1994</u>
M.J. White	<u>-</u>	<u>-</u>

Mr.M.J. White is also a director of the company's parent undertaking, Davron Management Ltd. His interest in the share capital of that company is shown in that company's directors report.

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 the financial statements, the directors are required to:

Nicholson White & Co Limited

Report of the Directors

Directors responsibilities - continued

- i) select suitable accounting policies and then apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;
- iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- iv) 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

A resolution to re-appoint the auditors, Rothman Pantall & Co., will be proposed at the forthcoming annual general meeting.

On behalf of the Board



Director

M.J. White

8.3.96.

Date

Report of the Auditors to the Members of

Nicholson White & Co Limited

We have audited the Financial Statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

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 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 31st December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

18 Landport Terrace
Portsmouth, Hants.

1st April 1996



Rothman Pantall & Co
Chartered Accountants
& Registered Auditors

Nicholson White & Co Limited

Profit and Loss account

For the year ended 31st December 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
Turnover	1	333,275	226,978
Administrative expenses		<u>(285,653)</u>	<u>(166,459)</u>
Operating profit		47,622	60,519
Interest receivable and similar income		5,739	4,596
Interest payable and similar charges	3	<u>(2,269)</u>	<u>(1,212)</u>
Profit on ordinary activities before taxation	4	51,092	63,903
Taxation	5	<u>(15,265)</u>	<u>(17,298)</u>
Profit on ordinary activities after taxation		35,827	46,605
Dividends	6	(50,000)	-
Retained profit brought forward		<u>55,780</u>	<u>9,175</u>
Retained profit carried forward		£ <u>41,607</u>	£ <u>55,780</u>

Recognised Gains and Losses

There are no recognised gains or losses other than the profits attributable to the shareholders of the company as shown above.

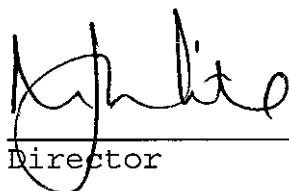
The accompanying notes form part of these financial statements.

Nicholson White & Co Limited

Balance Sheet

as at 31st December 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
Fixed assets			
Tangible assets	8	38,352	23,583
Current assets			
Debtors	9	135,795	63,912
Cash at bank and in hand		<u>142,737</u>	<u>134,756</u>
		278,532	198,668
Creditors			
Amounts falling due within one year	10	<u>(266,015)</u>	<u>(164,792)</u>
Net current assets		<u>12,517</u>	<u>33,876</u>
Total assets less current liabilities		50,869	57,459
Creditors			
Amounts falling due after more than one year	11	<u>(8,262)</u>	<u>(679)</u>
		<u>£42,607</u>	<u>£56,780</u>
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account		<u>41,607</u>	<u>55,780</u>
		<u>£42,607</u>	<u>£56,780</u>



M.J. White

Director

These accounts were approved by the board of directors on 8th March 1996

The accompanying notes form part of these financial statements.

Nicholson White & Co Limited

Cash Flow Statement

For the year ended 31st December 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
Net cash inflow from operating activities	1	94,291	59,747
Returns on investments and servicing of finance			
Interest received		5,739	4,596
Interest paid		(199)	(435)
Interest element of payments under hire purchase agreements		(2,070)	(777)
Dividends paid		<u>(50,000)</u>	<u>(-)</u>
Net cash inflow from returns on investment and servicing of finance		(46,530)	3,384
Taxation			
UK corporation tax paid		(17,365)	(4,398)
Investing activities			
Purchase of fixed assets		<u>(10,047)</u>	<u>(15,269)</u>
Net cash inflow before financing		20,349	43,464
Financing			
Loan repayments		(1,500)	(24,712)
Capital element of payments under hire purchase agreements		<u>(9,250)</u>	<u>(3,366)</u>
Net cash outflow from financing		<u>(10,750)</u>	<u>(28,078)</u>
Increase in cash and cash equivalents	2	£ <u>9,599</u>	£ <u>15,386</u>

Nicholson White & Co Limited

Notes to the Cash Flow Statement

For the year ended 31st December 1995

	<u>1995</u>	<u>1994</u>	
1. Reconciliation of operating profit to net cash inflow from operating activities	£	£	
Operating profit	47,622	60,519	
Depreciation charge	15,946	8,512	
Change in debtors	(74,383)	(8,490)	
Change in creditors	<u>105,106</u>	<u>(794)</u>	
Net cash inflow from operating activities	<u>94,291</u>	<u>59,747</u>	
2. Analysis of changes in cash and cash equivalents during the year	£	£	
Balance at 1st January 1995	133,138	117,752	
Net cash inflow	<u>9,599</u>	<u>15,386</u>	
Balance at 31st December 1995	<u>142,737</u>	<u>133,138</u>	
3. Analysis of balances of cash and cash equivalents as shown in the balance sheet			
	<u>1995</u>	<u>1994</u>	Change in year
Cash at bank and in hand	142,737	134,756	7,981
Bank overdrafts	<u>-</u>	<u>(1,618)</u>	<u>1,618</u>
	<u>£142,737</u>	<u>£133,138</u>	<u>£ 9,599</u>

Nicholson White & Co Limited

Accounting Policies

(a) Basis of accounting

The accounts have been prepared under the historical cost accounting rules set out in the 4th Schedule to the Companies Act 1985 and in accordance with applicable accounting standards.

(b) Turnover

Turnover represents brokerage income in respect of insurance services provided during the year. Brokerage is credited to the Profit and Loss account when the insured is charged with the relevant premium, or at the inception date of the policy, whichever is the later.

(c) Depreciation and amortisation

Depreciation is calculated to write off the cost of tangible fixed assets by equal annual instalments over their estimated useful lives as follows:

Motor vehicles	4 years
Furniture fittings and equipment	5 years

(d) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

(e) Pensions

Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits for employees are evenly matched so far as possible to the service lives of the employees concerned.

(f) Leases and hire purchase agreements

Assets held under financial agreements that give rights approximating to ownership are treated as if they had been purchased outright at the present value of the total amount payable during the primary period of the agreements. The corresponding financial commitments are shown as creditors. The interest element of payments under these agreements, and depreciation on the relevant assets are charged to the profit and loss account.

The rentals arising under operating lease agreements are charged to the profit and loss account over the term of the lease.

Nicholson White & Co Limited

Notes to the Financial Statements

for the year ended 31st December 1995

1. Turnover

The whole of the company's turnover relates to its principal activity of insurance broking and is generated in the United Kingdom.

2. Employees

The average number of people employed by the company during the year was as follows:-

	<u>1995</u>	<u>1994</u>
Management and administration	2	2
Insurance broking	<u>2</u>	<u>2</u>
Total employees	<u>4</u>	<u>4</u>

The aggregate payroll costs were as follows:

Salaries	137,657	86,043
Social security costs	14,277	8,823
Other pension costs	<u>50,000</u>	<u>-</u>
	<u>£201,934</u>	<u>£94,866</u>

3. Interest

	<u>1995</u>	<u>1994</u>
On bank loans and overdrafts		
repayable within five years	199	248
Hire purchase interest	2,070	777
Other	<u>-</u>	<u>187</u>
	<u>£2,269</u>	<u>£1,212</u>

4. Profit before taxation

(a) The whole of the company's profit relates to insurance broking.

(b) The profit before taxation is stated after charging:

	<u>1995</u>	<u>1994</u>
	£	£
Operating lease rentals		
- land and buildings	10,574	7,606
Depreciation of tangible fixed assets	15,946	8,512
Auditors' remuneration:	5,700	4,525
Directors' emoluments:		
as executives	<u>£143,000</u>	<u>£60,000</u>

Nicholson White & Co Limited
Notes to the Financial Statements
for the year ended 31st December 1995

5. Taxation		<u>1995</u>	<u>1994</u>
Based on the profit for the year:			
Corporation Tax at 25 %		15,600	17,298
Adjustment in respect of earlier years:		<u>(335)</u>	<u>-</u>
		<u>£15,265</u>	<u>£17,298</u>
6. Dividends		<u>1995</u>	<u>1994</u>
		£	£
Paid: Final dividend of £50 per share 1,000 ordinary shares		<u>50,000</u>	<u>-</u>
7. Directors' emoluments		<u>1995</u>	<u>1994</u>
		£	£
Chairman and Highest paid director		<u>93,000</u>	<u>60,000</u>
Other directors		Number	
£0 to £5,000		<u>1</u>	<u>1</u>
8. Tangible fixed assets			
	<u>Motor Vehicles</u>	<u>Furniture and equipment</u>	<u>Total</u>
	£	£	£
Cost:			
At 31st December 1994	21,500	15,683	37,183
Additions	<u>25,835</u>	<u>4,880</u>	<u>30,715</u>
At 31st December 1995	<u>47,335</u>	<u>20,563</u>	<u>67,898</u>
Depreciation:			
At 31st December 1994	8,875	4,725	13,600
Charged in year	<u>11,834</u>	<u>4,112</u>	<u>15,946</u>
At 31st December 1995	<u>20,709</u>	<u>8,837</u>	<u>29,546</u>
Net book amount 1995	<u>26,626</u>	<u>11,726</u>	<u>38,352</u>
Net book amount 1994	<u>12,625</u>	<u>10,958</u>	<u>23,583</u>

The net book amount of fixed assets at 31st December 1995 includes assets of £23,126 which are being purchased under hire purchase agreement. Depreciation of £8,334 has been charged on these assets during the year.

Nicholson White & Co Limited
Notes to the Financial Statements
for the year ended 31st December 1995

9. Debtors

	<u>1995</u>	<u>1994</u>
Trade debtors	130,010	55,539
Other debtors	2,544	2,632
Amount due by parent undertaking	<u>3,241</u>	<u>5,741</u>
	<u>£135,795</u>	<u>£63,912</u>

10. Creditors: amounts falling due within one year

	<u>1995</u>	<u>1994</u>
Bank overdraft	-	1,618
Trade creditors	233,264	130,426
Corporation tax	11,600	17,700
Social security and other taxation	4,728	3,642
Accruals and deferred income	8,855	7,673
Hire purchase creditors	<u>7,568</u>	<u>3,733</u>
	<u>£266,015</u>	<u>£164,792</u>

11. Creditors: amounts falling due after more than one year

	<u>1995</u>	<u>1994</u>
Hire purchase creditors	<u>£8,262</u>	<u>£ 679</u>

12. Share capital

	<u>1995</u>	<u>1994</u>
Authorised		
1,000 Ordinary Shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
Allotted, called up and fully paid		
1,000 Ordinary Shares of £1 each	<u>£1,000</u>	<u>£1,000</u>

13. Capital commitments

There was no capital expenditure contracted for or authorised but not contracted for at 31st December 1995 for which provision has not been made in these accounts.

Nicholson White & Co Limited

Notes to the Financial Statements

For the year ended 31st December 1995

14. Reconciliation of movements in shareholders funds

	<u>1995</u> £	<u>1994</u> £
Profit for the financial year	35,827	46,605
Dividends paid	(50,000)	-
Total movement in shareholders funds	(14,173)	46,605
Opening shareholders funds	<u>56,780</u>	<u>10,175</u>
Closing shareholders funds	<u>42,607</u>	<u>56,780</u>

15. Parent undertaking

The company is a wholly owned subsidiary of Davron Management Ltd a company incorporated in the United Kingdom.

16. Pensions

The company operates a defined contribution pension scheme providing benefits to certain directors. The assets of the scheme are held separately from those of the company. Contributions to this scheme are charged to the profit and loss account so as to spread the contributions over the directors working lives with the company.

The charge for the year was £50,000.