

Nicholson White & Co Limited

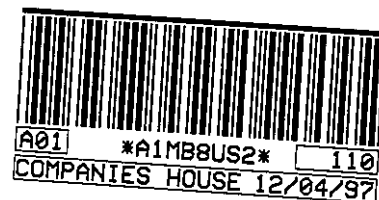
Financial Statements

For the year ended
31st December 1996

Company No. 02747708

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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 1996.

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>1996</u>	<u>1995</u>
Turnover	<u>£437,618</u>	<u>£333,275</u>
Profit for the year before taxation	61,573	51,092
Taxation	<u>(16,882)</u>	<u>(15,265)</u>
Profit after taxation	<u>£ 44,691</u>	<u>£ 35,827</u>

Dividend

The directors do not recommend the payment of a dividend.

Directors and their interests

The director who has served during the year was:

M.J. White

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

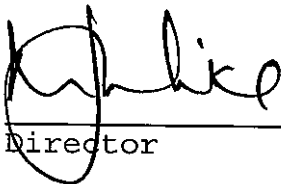
- i) select suitable accounting policies and then apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;
- iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

9-4-97
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.

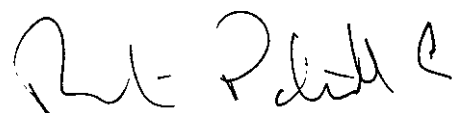
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity 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 1996 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.

9 April 1997



Rothman Pantall & Co
Chartered Accountants
& Registered Auditors

Nicholson White & Co Limited

Profit and Loss account

For the year ended 31st December 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
Turnover	1	437,618	333,275
Administrative expenses		(380,964)	(285,653)
Operating profit		56,654	47,622
Interest receivable and similar income		6,361	5,739
Interest payable and similar charges	3	(1,442)	(2,269)
Profit on ordinary activities before taxation	4	61,573	51,092
Taxation	5	(16,882)	(15,265)
Profit on ordinary activities after taxation		44,691	35,827
Dividends	6	-	(50,000)
Retained profit brought forward		41,607	55,780
Retained profit carried forward		£ 86,298	£ 41,607

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.

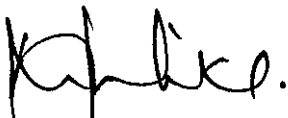
The accompanying notes form part of these financial statements.

Nicholson White & Co Limited

Balance Sheet

as at 31st December 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
Fixed assets			
Tangible assets	8	32,359	38,352
Current assets			
Debtors	9	218,097	135,795
Cash at bank and in hand		<u>217,702</u>	<u>142,737</u>
		435,799	278,532
Creditors			
Amounts falling due within one year	10	(<u>379,538</u>)	(<u>266,015</u>)
Net current assets		<u>56,261</u>	<u>12,517</u>
Total assets less current liabilities		88,620	50,869
Creditors			
Amounts falling due after more than one year	11	(<u>1,322</u>)	(<u>8,262</u>)
		<u>£ 87,298</u>	<u>£42,607</u>
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account		<u>86,298</u>	<u>41,607</u>
		<u>£ 87,298</u>	<u>£42,607</u>



 Director

M.J. White

These accounts were approved by the board of directors on 9 April 1997

The accompanying notes form part of these financial statements.

Nicholson White & Co Limited

Cash Flow Statement

For the year ended 31st December 1996

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
Net cash inflow from operating activities	1	101,443	94,291
Returns on investments and servicing of finance			
Interest received	6,361	5,739	
Interest paid	(42)	(199)	
Interest element of payments under hire purchase agreements	(1,400)	(2,070)	
Dividends paid	<u>-</u>	<u>(50,000)</u>	
Net cash inflow\ (outflow) from returns on investment and servicing of finance		4,919	(46,530)
Taxation			
UK corporation tax paid		(10,732)	(17,365)
Investing activities			
Purchase of fixed assets		<u>(13,096)</u>	<u>(10,047)</u>
Net cash inflow before financing		82,534	20,349
Financing			
Loan repayments	-	(1,500)	
Capital element of payments under hire purchase agreements	<u>(7,569)</u>	<u>(9,250)</u>	
Net cash outflow from financing		<u>(7,569)</u>	<u>(10,750)</u>
Increase in cash and cash equivalents	2	<u>£74,965</u>	<u>£ 9,599</u>

Nicholson White & Co Limited

Notes to the Cash Flow Statement

For the year ended 31st December 1996

	<u>1996</u>	<u>1995</u>
1. Reconciliation of operating profit to net cash inflow from operating activities	£	£
Operating profit	56,654	47,622
Depreciation charge	19,089	15,946
Change in debtors	(82,302)	(74,383)
Change in creditors	<u>108,002</u>	<u>105,106</u>
Net cash inflow from operating activities	<u><u>101,443</u></u>	<u><u>94,291</u></u>
 2. Analysis of changes in cash and cash equivalents during the year	 £	 £
Balance at 1st January 1996	142,737	133,138
Net cash inflow	<u>74,965</u>	<u>9,599</u>
Balance at 31st December 1996	<u><u>217,702</u></u>	<u><u>142,737</u></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 1996

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>1996</u>	<u>1995</u>
Management and administration	3	2
Insurance broking	<u>3</u>	<u>2</u>
Total employees	<u><u>6</u></u>	<u><u>4</u></u>

The aggregate payroll costs were as follows:

Salaries	194,376	137,657
Social security costs	20,834	14,277
Other pension costs	<u>50,000</u>	<u>50,000</u>
	<u>£265,210</u>	<u>£201,934</u>

3. Interest

	<u>1996</u>	<u>1995</u>
On bank loans and overdrafts repayable within five years	42	199
Hire purchase interest	<u>1,400</u>	<u>2,070</u>
	<u>£ 1,442</u>	<u>£2,269</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>1996</u>	<u>1995</u>
	£	£
Operating lease rentals		
- land and buildings	16,476	10,574
Depreciation of tangible fixed assets	19,089	15,946
Auditors' remuneration:	5,000	5,700
Directors' emoluments:		
as executives	<u>£158,000</u>	<u>£143,000</u>

Nicholson White & Co Limited

Notes to the Financial Statements

for the year ended 31st December 1996

5. Taxation

	<u>1996</u>	<u>1995</u>
Based on the profit for the year:		
Corporation Tax at 25 %	17,750	15,600
Adjustment in respect of earlier years	<u>(868)</u>	<u>(335)</u>
	<u>£16,882</u>	<u>£15,265</u>

6. Dividends

	<u>1996</u> £	<u>1995</u> £
Paid: Final dividend of £50 per share 1,000 ordinary shares	<u>-</u>	<u>50,000</u>

7. Directors' emoluments

	<u>1996</u> £	<u>1995</u> £
Chairman and Highest paid director	<u>108,000</u>	<u>93,000</u>
Other directors	Number	
£0 to £5,000	<u>-</u>	<u>1</u>

8. Tangible fixed assets

	<u>Motor Vehicles</u> £	<u>Furniture and equipment</u> £	<u>Total</u> £
Cost:			
At 31st December 1995	47,335	20,563	67,898
Additions	10,450	2,646	13,096
Disposals	<u>(14,000)</u>	<u>-</u>	<u>(14,000)</u>
At 31st December 1996	<u>43,785</u>	<u>23,209</u>	<u>66,994</u>
Depreciation:			
At 31st December 1995	20,709	8,837	29,546
Charged in year	14,447	4,642	19,089
On disposals	<u>(14,000)</u>	<u>-</u>	<u>(14,000)</u>
At 31st December 1996	<u>21,156</u>	<u>13,479</u>	<u>34,635</u>
Net book amount 1996	<u>22,629</u>	<u>9,730</u>	<u>32,359</u>
Net book amount 1995	<u>26,626</u>	<u>11,726</u>	<u>38,352</u>

The net book amount of fixed assets at 31st December 1996 includes assets of £12,918 which are being purchased under hire purchase agreements. Depreciation of £6,459 has been charged on these assets during the year.

Nicholson White & Co Limited
Notes to the Financial Statements
for the year ended 31st December 1996

9. Debtors

	<u>1996</u>	<u>1995</u>
Trade debtors	211,785	130,010
Other debtors	2,702	2,544
Amount due by parent undertaking	<u>3,610</u>	<u>3,241</u>
	<u>£218,097</u>	<u>£135,795</u>

10. Creditors: amounts falling due within one year

	<u>1996</u>	<u>1995</u>
Trade creditors	336,223	233,264
Corporation tax	17,750	11,600
Social security and other taxation	12,297	4,728
Accruals and deferred income	6,329	8,855
Hire purchase creditors	<u>6,939</u>	<u>7,568</u>
	<u>£379,538</u>	<u>£266,015</u>

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

	<u>1996</u>	<u>1995</u>
Hire purchase creditors	<u>£1,322</u>	<u>£8,262</u>

12. Share capital

	<u>1996</u>	<u>1995</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 1996 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 1996

14. Reconciliation of movements in shareholders funds

	<u>1996</u> £	<u>1995</u> £
Profit for the financial year	44,691	35,827
Dividends paid	<u>-</u>	(50,000)
Total movement in shareholders funds	44,691	(14,173)
Opening shareholders funds	<u>42,607</u>	<u>56,780</u>
Closing shareholders funds	<u>87,298</u>	<u>42,607</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.