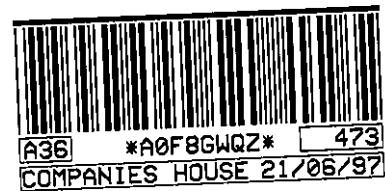


**INVESTMENT DISCOUNTS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 1996**



**INVESTMENT DISCOUNTS LIMITED**

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**INVESTMENT DISCOUNTS LIMITED**

**COMPANY INFORMATION**

**DIRECTORS:** E.J. Hudson  
R.J. Patterson  
Mrs. B.L. Selby

**SECRETARY:** Mrs. B.L. Selby

**COMPANY NUMBER:** 1916098

**REGISTERED OFFICE:** Miller House  
2, Church Road  
Bebington  
Wirral  
Merseyside  
L63 7PH

**REPORTING ACCOUNTANTS** Noel Popplewell & Co.  
18 Vaughan Way  
Connah's Quay  
Deeside  
Flintshire  
CH5 4NG

**BANKERS:** Midland Bank plc  
58, Bromborough Road  
Bromborough  
Wirral  
Merseyside  
L62 7ET

**INVESTMENT DISCOUNTS LIMITED**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 1996**

The Directors present their report and the Financial Statements for the year ended 30 September 1996

**Principal Activity**

The Company's principal activity remained that of insurance consultants.

**Directors and their Interests**

The Directors who served during the year and their interests in the Company are as stated below:

	Class of Shares	Number of Shares	
		1996	1995
E.J. Hudson	Ordinary shares	400	400
R.J. Patterson	Ordinary shares	150	150
Mrs. B.L. Selby	Ordinary shares	50	50

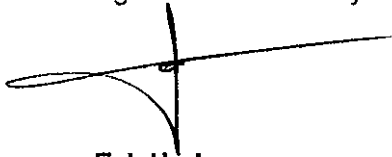
**Directors' Responsibilities**

Company law requires the Directors to prepare Financial Statements for each financial year which gives a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that year. In preparing these the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepared the Financial Statements based 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.

This report which has been prepared in accordance with the special provisions of Part V11 of the Companies Act 1985 applicable to small companies, was approved by the Board and signed on its behalf by:



**E.J. Hudson**  
**Director**

Date 16/6/97.....

**INVESTMENT DISCOUNTS LIMITED**

**ACCOUNTANTS REPORT TO THE SHAREHOLDERS ON THE UNAUDITED ACCOUNTS OF  
INVESTMENT DISCOUNTS LIMITED**

We report on the accounts for the year ended 30 September 1996 set out on pages 3 to 10.

**Respective Responsibilities of Directors and Reporting Accountants**

As described on page 5 the Company's Directors are responsible for the preparation of Financial Statements, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

**Basis of Opinion**

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

**Opinion**

In our opinion:

- (a) the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985, as amended.
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
  - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
  - (ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to exemption specified in section 249B(1).

*Noel Popplewell & Co*

Noel Popplewell & Co.  
Reporting Accountants  
18 Vaughan Way  
Connah's Quay  
Deeside  
Flintshire  
CH5 4NG

Date *18-6-1997*

**INVESTMENT DISCOUNTS LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 1996**

	NOTE	1996	1995
		£	£
Turnover	2	256208	224204
Administrative expenses		(259025)	(268534)
		<hr/>	<hr/>
<b>Operating (loss)</b>	3	(2817)	(44330)
Interest receivable and similar income		17	15
Interest payable and similar charges	4	(2754)	(2188)
		<hr/>	<hr/>
<b>(Loss) on ordinary activities before taxation</b>		(5554)	(46503)
Tax on ordinary activities	6	626	7571
		<hr/>	<hr/>
<b>Retained (loss) for the year</b>		(4928)	(38932)
Retained (loss) brought forward	16	(39159)	(227)
		<hr/>	<hr/>
<b>Retained (loss) carried forward</b>		<u>(44087)</u>	<u>(39159)</u>

**STATEMENT OF TOTAL RECOGNISED LOSSES**  
**FOR THE YEAR ENDED 30 SEPTEMBER 1996**

	1996	1995
	£	£
Total recognised ( losses ) relating to the year	(4928)	(38932)
Prior year adjustment	16	-
		(12000)
		<hr/>
<b>Total ( losses ) recognised since last annual report</b>	<u>(4928)</u>	<u>(50932)</u>

The notes on pages 6 to 10 form an integral part of these Financial Statements.

**INVESTMENT DISCOUNTS LIMITED**  
**BALANCE SHEET**  
**AT 30 SEPTEMBER 1996**

	NOTE	1996		1995	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	7		31442		47930
<b>Current Assets</b>					
Stock			350		450
Debtors	8		52232		85031
Cash at bank and in hand			7019		17311
			59601		102792
<b>CREDITORS: Amounts falling due within one year</b>	9		(131886)		(181396)
<b>Net Current Liabilities</b>			(72285)		(78604)
<b>Total Assets Less Current Liabilities</b>			(40843)		(30674)
<b>Creditors: Amounts falling due after more than one year</b>	10		(2244)		(7485)
<b>Net (Liabilities)</b>			(43087)		(38159)
<b>Capital and Reserves</b>					
Called up share capital	12		1000		1000
Profit and loss Account			(44087)		(39159)
<b>Equity Shareholders' Funds</b>	13		(43087)		(38159)

The Directors' statements required by the Companies Act are shown on the following page which forms part of this Balance Sheet.

The notes on pages 6 to 10 form an integral part of these Financial Statements.

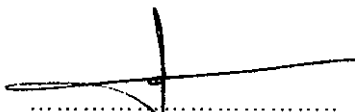
**INVESTMENT DISCOUNTS LIMITED**

**DIRECTORS' STATEMENTS REQUIRED BY THE COMPANIES ACT 1985**  
**FOR THE YEAR ENDED 30 SEPTEMBER 1996**

In approving the Financial Statements as Directors of the Company we hereby confirm:-

- (a) that for the year stated above the Company was entitled to the exemption conferred by Section 249A(2) of the Companies Act 1985;
- (b) that no notice has been deposited at the registered office of the Company pursuant to Section 249B(2) requesting that an audit be conducted for the year ended 30 September 1996 and
- (c) that we acknowledge our responsibilities for:
  - (1) ensuring that the Company keeps accounting records which comply with Section 221, and
  - (2) preparing Financial Statements 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 its profit or loss for the year then ended and which otherwise comply with the provisions of the Companies Act relating to Financial Statements, so far as applicable to the Company.

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the Board and signed on its behalf.

  
.....  
**E.J. Hudson**  
**Director**  
Date..... 16/6/97 .....

The notes on page 6 to 10 form an integral part of these Financial Statements.



**INVESTMENT DISCOUNTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 1996**

**1 ACCOUNTING POLICIES**

**1.1 Accounting convention**

The Financial Statements are prepared under the historical cost convention and include the results of the Company's operations which are described in the Directors' Report and all of which are continuing. The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

**1.2 Turnover**

Turnover comprises the invoiced value of services supplied by the Company and includes income accrued in respect of commissions receivable on business transacted

**1.3 Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Computer equipment and software	-	25% Reducing balance
Fixtures, fittings and equipment	-	10% Reducing balance
Motor vehicles	-	25% Reducing balance

**1.4 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

**1.5 Operating Leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

**1.6 Stock**

Stock is valued at the lower of cost and net realisable value.

**1.7 Deferred taxation**

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the Directors consider that a liability is unlikely to materialise.

**1.8 Going concern**

These Accounts have been prepared on the basis that the Company will continue to trade despite liabilities exceeding assets. This subject is referred to in note 15 on page 10 of the financial statements.

**INVESTMENT DISCOUNTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 1996**

2 **TURNOVER**

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the UK.

3 **OPERATING (LOSS)**

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
<b>Operating loss is stated after charging:</b>		
Depreciation of tangible fixed assets		
- owned by the Company	5942	5106
- held under finance leases	1568	7340
Operating lease rentals		
- hire of plant and machinery	8363	1911
- other	7835	7000
Auditors' remuneration	-	7678
Losses on disposal of fixed assets	5226	-
<b>and after crediting:</b>		
Proceeds from sale of book of clients	(7500)	-
	<hr/> <hr/>	<hr/> <hr/>

4 **INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Bank interest	-	1
Hire purchase interest	2754	2187
	<hr/> <hr/>	<hr/> <hr/>
	2754	2188

5 **DIRECTORS' EMOLUMENTS**

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Directors' Remuneration	38200	38200
Directors' Benefits	7719	7414
Pension Scheme Contributions	2194	569
	<hr/> <hr/>	<hr/> <hr/>
	48113	46183

6 **TAXATION**

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
UK corporation tax at 24.5% (1995 - 25%)	-	(7018)
Prior year adjustment (see note 15)	-	(3000)
	<hr/> <hr/>	<hr/> <hr/>
	-	(10018)
Taxation from earlier years at 25%	(423)	-
Transfer to deferred taxation	(203)	2447
	<hr/> <hr/>	<hr/> <hr/>
	(626)	(7571)

**INVESTMENT DISCOUNTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 1996**

**7 TANGIBLE ASSETS**

	<b>Motor vehicles</b>	<b>Office Equipment</b>	<b>Computers and Software</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cost				
At 1 October 1995	37390	20661	26081	84132
Additions	-	771	5192	5963
Disposals	(28663)	-	(215)	(28878)
	<u>8727</u>	<u>21432</u>	<u>31058</u>	<u>61217</u>
<b>Depreciation</b>				
At 1 October 1995	16370	7469	12363	36202
Charge for the year	1568	1364	4578	7510
On disposals	(13915)	-	(22)	(13937)
	<u>4023</u>	<u>8833</u>	<u>16919</u>	<u>29775</u>
<b>Net Book values</b>				
At 30 September 1996	<u>4704</u>	<u>12599</u>	<u>14139</u>	<u>31442</u>
At 30 September 1995	<u>21020</u>	<u>13192</u>	<u>13718</u>	<u>47930</u>

Included above are the net book values of motor vehicles held under finance leases or hire purchase contracts amounting to £4704 (1995 - £21020).

<b>8 <u>DEBTORS</u></b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Trade debtors	35860	72903
Other Debtors (see note 14)	3428	3428
Prepayments and accrued income	12944	2909
Corporation tax	-	5791
	<u>52232</u>	<u>85031</u>

<b>9 <u>CREDITORS: Amounts falling due within one year</u></b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Trade creditors	75589	132131
Other creditors	23233	11995
Accruals and deferred income	6449	7563
Directors Loan account	24063	20538
Net obligations under finance lease and hire purchase contracts - see note 11	2552	9169
	<u>131886</u>	<u>181396</u>

Included in other creditors is an amount of £12740 (1995 £7022) relating to other taxes and Social Security. Of the creditors falling due within one year £2552 are secured (1995 £9169).

**INVESTMENT DISCOUNTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 1996**

10	<b><u>CREDITORS: Amounts falling due after more than one year</u></b>	<b>1996</b> £	<b>1995</b> £
	Net obligations under finance leases and hire purchase contracts	-	5038
	Deferred taxation	2244	2447
		2244	7485
	Of the creditors falling due after more than one year nothing is secured (1995 £5038)		
11	<b><u>Obligations under finance leases and hire purchase contracts</u></b>	<b>1996</b> £	<b>1995</b> £
	The maturity of these amounts is as follows:		
	Amounts payable:		
	Within one year	2958	11356
	Within two to five years	-	6073
		2958	17429
	Less: finance charges allocated to future periods	406	3222
		2552	14207
	Finance leases and hire purchase contracts are analysed as follows:		
	Current obligations	2552	9196
	Non-current obligations	-	5038
		2552	14207
12	<b><u>SHARE CAPITAL</u></b>	<b>1996</b> £	<b>1995</b> £
	<b>Authorised equity</b>		
	1000 Ordinary shares of £1 each	1000	1000
		1000	1000
	<b>Allotted, called up and fully paid equity</b>		
	1000 Ordinary shares of £1 each	1000	1000
		1000	1000
13	<b><u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u></b>	<b>1996</b> £	<b>1995</b> £
	Loss for the year	(4928)	(38932)
	Opening shareholders' funds	(38159)	773
		(43087)	(38159)

**INVESTMENT DISCOUNTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 1996**

**14 TRANSACTIONS WITH DIRECTORS**

	<b>Amount Outstanding</b>		<b>Maximum</b>
	<b>1996</b>	<b>1995</b>	<b>in</b>
	<b>£</b>	<b>£</b>	<b>year</b>
	<b>£</b>	<b>£</b>	<b>£</b>
R.J. Patterson	<u>3428</u>	<u>3428</u>	<u>3428</u>

**15 NET LIABILITIES**

At 30 September 1996 the liabilities of the Company exceeded the assets by £43087 (1995 £38159). The Company has implemented a programme of staff cut backs and overhead reductions which they believe will lead to a position of solvency being restored.

**16 PRIOR YEAR ADJUSTMENT**

The comparisons for 1995 have been restated to correct an error in the posting of fee income made in 1994. The effect of the restatement was to decrease profit for the 1995 financial year by £12000. The opening balance of retained profit for 1995 has been adjusted for the effects of the restatement on prior years.

	<b>1995</b>
	<b>£</b>
Beginning of the year as previously stated	11773
Prior year adjustment	(12000)
	<hr/>
Beginning of the year as restated	(227)
Retained loss for the year	(38932)
	<hr/>
End of year	<u>(39159)</u>

**17 OTHER COMMITMENTS**

At 30 September 1996 the company had annual commitments under non-cancelable operating leases as follows:

	<b>Land and Buildings</b>		<b>Other</b>	
	<b>1996</b>	<b>1995</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expiry date:				
Within one year	-	-	-	448
Between two and five years	-	-	7915	818
In more than five years	8225	7000	-	-