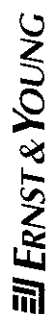


1293232

BRITISH INSURANCE BROKERS' ASSOCIATION

Report and Accounts

31 December 2000

 ERNST & YOUNG



British Insurance Brokers' Association

Registered No. 1293232

THE BOARD MEMBERS

G Nixon (chairman)
G Boden
E F Browne
M I Sheikh
G S Huntrods
G Cromwell
R Guthrie
J Miller
A Hamilton
P Harrison

SECRETARY

G Wright

AUDITORS

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

BANKERS

National Westminster
3rd Floor
1 Princes Street
London EC2R 8PB

SOLICITORS

Beachcroft Wansbroughs
100 Fetter Lane
London EC4A 1BN

REGISTERED OFFICE

BIBA House
14 Bevis Marks
London EC3A 7NT

British Insurance Brokers' Association

REPORT OF THE BOARD

The Board present their report and accounts for the year ended 31 December 2000.

RESULTS

The surplus for the company for the year after taxation amounted to £128,104 (1999 deficit - £209,906).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

BIBA is a Trade Association which represents the interests of insurance brokers and independent insurance intermediaries, principally to the UK government.

The Association's membership increased during the year, characterised by the recruitment of a number of networks and both small and medium-sized firms. Rigorous control of costs, together with strong revenue growth, contributed to a satisfactory financial result.

FUTURE DEVELOPMENTS

Following the launch of the General Insurance Standards Council as the non-statutory regulator, BIBA anticipates a further reduction in the total number of independent insurance intermediaries. At the same time, demand for support in compliance matters continues to grow, suggesting increased demand for BIBA membership services from a growing number of firms in the short-to-medium term.

FIXED ASSETS

All changes in fixed assets during the year are summarised in note 7 to the accounts.

THE BOARD MEMBERS AND THEIR INTERESTS

The Board members are listed on page 1 and served throughout the year with the exception of A Hamilton who was appointed on 20 September 2000 and P Harrison who was appointed on 16 November 2000. In addition S Bolam, P J Quayle and P W Wilson were board members until their resignation on 12 July 2000 and A G C Howland Jackson resigned on 12 January 2001.

No Board member has any interest in the shares of the company.

BOARD MEMBERS' AND OFFICERS' LIABILITY INSURANCE

During the year BIBA purchased and maintained liability insurance for its Board members and officers as permitted by section 310(3) of the Companies Act 1985.

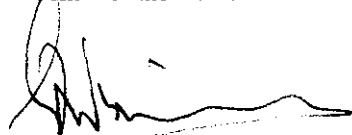
REPORT OF THE BOARD

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the Board to use its statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

On behalf of the Board



G Nixon
Chairman

13 June 2001

British Insurance Brokers' Association

STATEMENT OF THE BOARD'S RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the Board to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing those accounts, the Board is 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board confirms that the accounts comply with the above requirements.

The Board is 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 accounts 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.

REPORT OF THE AUDITORS
to the members of British Insurance Brokers' Association

We have audited the accounts on pages 6 to 11, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of the Board and auditors

As described on page 4 the Board is responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

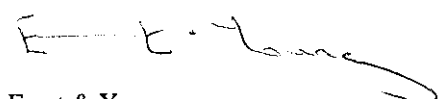
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'E. & Y.', with a long, sweeping horizontal line extending to the right.

Ernst & Young
Registered Auditor
London

13 June 2001

British Insurance Brokers' Association

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2000

	Notes	2000 £	1999 £
TURNOVER	2	2,601,487	2,278,379
OPERATING COSTS		(2,513,533)	(2,600,518)
OPERATING SURPLUS/(DEFICIT)		87,954	(322,139)
Other income	4	69,796	52,412
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	157,750	(269,727)
Tax charge on ordinary activities	6	(29,646)	59,821
RETAINED SURPLUS/(DEFICIT) FOR THE YEAR		128,104	(209,906)
Surplus brought forward		570,741	780,647
SURPLUS CARRIED FORWARD		698,845	570,741


STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the retained surplus for the year (1999 – none).

British Insurance Brokers' Association

BALANCE SHEET at 31 December 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible fixed assets	7	155,873	182,746
		<u>155,873</u>	<u>182,746</u>
CURRENT ASSETS			
Debtors	8	488,378	408,808
Cash at bank and in hand		560,068	474,086
		<u>1,048,446</u>	<u>882,894</u>
CREDITORS: amounts falling due within one year	9	505,474	494,899
NET CURRENT ASSETS		<u>542,972</u>	<u>387,995</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>698,845</u>	<u>570,741</u>
CAPITAL AND RESERVES			
Income and expenditure account		698,845	570,741
		<u>698,845</u>	<u>570,741</u>



G Nixon
Chairman

13 June 2001

NOTES TO THE ACCOUNTS

at 31 December 2000

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Depreciation is calculated on a straight line basis at rates estimated to write down the value of assets to nil over their expected useful lives. The annual rates used are:

Furniture and equipment	-	25%
Computer equipment	-	33 1/3%
Motor vehicles	-	25%
Leasehold improvements	-	20%

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

Leased assets

All assets used by the company which are subject to leases are considered to be held under operating leases and the rentals in respect thereof are charged to the profit and loss account as incurred over the life of the lease.

Pension scheme costs

Pension scheme costs are charged to the profit and loss account over the employees' expected service lives. The company's contributions are made to an independent managed pension fund.

2. TURNOVER

Turnover comprises income receivable from subscriptions and other miscellaneous sources excluding interest. All turnover arises from continuing operations.

	2000	1999
	£	£
Subscriptions	1,551,605	1,404,360
Other miscellaneous income	1,049,882	874,019
	<u>2,601,487</u>	<u>2,278,379</u>

All turnover has been derived from the United Kingdom.

British Insurance Brokers' Association

NOTES TO THE ACCOUNTS at 31 December 2000

3. STAFF NUMBERS AND COSTS

	2000	1999
	£	£
Wages and salaries	684,457	689,619
Social security costs	57,712	64,630
Other pension costs	75,636	96,547
	<u>817,805</u>	<u>850,796</u>

The average number of persons employed by the Company during the year was 25 (1999 - 24).

4. OTHER INCOME

	2000	1999
	£	£
Interest receivable	<u>69,796</u>	<u>52,412</u>

5. SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	2000	1999
	£	£
Depreciation	75,906	65,880
Auditors' remuneration	12,500	13,000
Aggregate remuneration of auditors for services other than audit work	10,000	10,000
Operating lease charges		
- plant and machinery	20,424	26,760
- land and buildings	<u>411,139</u>	<u>408,861</u>

British Insurance Brokers' Association

NOTES TO THE ACCOUNTS at 31 December 2000

6. TAX ON SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

The charge/(credit) for the year comprises:

	2000 £	1999 £
Corporation tax charge/(credit) at the applicable small business rate	42,135	(69,883)
Prior year (over) / underprovision	(12,489)	10,062
	<u>29,646</u>	<u>(59,821)</u>

7. TANGIBLE FIXED ASSETS

Group and Company	Leasehold Improvements £	Furniture & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost:					
At 1 January 2000	272,439	282,913	110,607	99,161	765,120
Additions	27,996	6,545	-	18,196	52,737
Disposals	(133,479)	(158,616)	(65,124)	(34,054)	(391,273)
At 31 December 2000	<u>166,956</u>	<u>130,842</u>	<u>45,483</u>	<u>83,303</u>	<u>426,584</u>
Depreciation:					
At 1 January 2000	161,271	273,241	95,086	52,776	582,374
Provided during the year	33,391	6,991	14,698	20,826	75,906
Disposals	(133,479)	(158,616)	(65,124)	(30,350)	(387,569)
At 31 December 2000	<u>61,183</u>	<u>121,616</u>	<u>44,660</u>	<u>43,252</u>	<u>270,711</u>
Net book amounts:					
At 31 December 2000	<u>105,773</u>	<u>9,226</u>	<u>823</u>	<u>40,051</u>	<u>155,873</u>
At 1 January 2000	<u>111,168</u>	<u>9,672</u>	<u>15,521</u>	<u>46,385</u>	<u>182,746</u>

8. DEBTORS

	2000 £	1999 £
Prepayments and accrued income	318,116	128,231
Other debtors	170,262	218,235
Corporation tax recoverable	-	62,342
	<u>488,378</u>	<u>408,808</u>

Included in other debtors is an amount of £110,474 which is due after more than one year (1999 - £100,000).

British Insurance Brokers' Association

NOTES TO THE ACCOUNTS at 31 December 2000

9. CREDITORS: amounts falling due within one year

	2000	1999
	£	£
Accruals and deferred income	255,976	317,153
Other creditors	186,725	147,256
Corporation tax	29,646	—
Other tax and social security	33,127	30,490
	<u>505,474</u>	<u>494,899</u>

10. PENSION SCHEME

The company operates a funded defined benefit pension scheme.

The contributions to the scheme are determined with the advice of a professionally qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation, which was performed as at 1 January 1999, used the principal assumptions that the rate of investment return exceeded the rate of salary increase by 2.0%.

Market value of scheme's assets	£1,570,200
Level of funding	132%

The surplus is being recognised as a variation from regular cost over the expected remaining lives of the scheme members.

There are no unpaid contributions outstanding at the end of the year.

11. OTHER FINANCIAL COMMITMENTS

At 31 December 2000 the Company had annual commitments under non-cancellable operating leases as follows:

	2000	1999
	£	£
Operating leases which expire:		
Within one year	—	—
In two to five years	14,000	18,167
In more than five years	<u>410,000</u>	<u>410,000</u>

The commitment in respect of operating leases which expire after more than five years is in respect of leasehold property. A proportion of the lease payment is recoverable from sub-tenants.