

Com 11013
Regd No: 00142067

James Steele (Insurance) Limited

Report and Financial Statements

Year Ended

30 September 2001



BDO Stoy Hayward
Chartered Accountants



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James Steele (Insurance) Limited

Annual report and financial statements for the year ended 30 September 2001

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Directors

M E Shaw (Chairman)
M R Jones (Non-executive with effect from 31 May 2001)
S B Marriner
D J Marsh
D S Readman
K C Joyner

Secretary and registered office

J Flanagan, International House, 26 Creechurch Lane, London, EC3A 5JE

Company number

142067

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL

James Steele (Insurance) Limited

Report of the directors for the year ended 30 September 2001

The directors present their report together with the audited financial statements for the year ended 30 September 2001.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

The directors do not recommend a dividend be paid in respect of the year.

Principal activities, review of business and future developments

The principal activity of the company continued to be that of an insurance broker.

The directors consider the result for the year, and the position at the year-end to be satisfactory.

Directors

The directors of the company during the year were:

M E Shaw (Chairman)

N A Hooper (resigned 22 May 2001)

M R Jones (non-executive with effect from 31 May 2001)

S B Marriner

D J Marsh

D S Readman

K C Joyner (appointed 22 May 2001)

No director had any beneficial interest in the shares of any group companies other than the parent company, Cooper Gay (Holdings) Limited. The interests of the directors in the shares of the parent company are shown in that company's accounts.

Due to a reorganisation of executive responsibilities, Mr N A Hooper resigned during the year. Mr Hooper remains a director of Cooper Gay (Holdings) Limited.

James Steele (Insurance) Limited

Report of the directors for the year ended 30 September 2001 (*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 year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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

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.

By order of the board



J Flanagan

Secretary

29 January 2002

James Steele (Insurance) Limited

Report of the independent auditors

To the shareholders of James Steele (Insurance) Limited

We have audited the financial statements of James Steele (Insurance) Limited for the year ended 30 September 2001 on pages 6 to 11 which have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

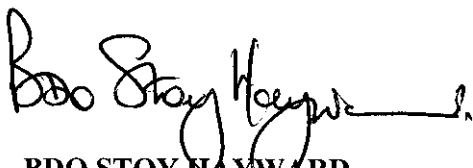
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

James Steele (Insurance) Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward', is written over the printed name.

BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors*
London

29 January 2002

James Steele (Insurance) Limited

Profit and loss account for the year ended 30 September 2001

	Note	2001 £'000	2000 £'000
Turnover and other operating income	2	600	512
Other operating charges	3	567	496
		—	—
Profit on ordinary activities before taxation		33	16
Taxation on profit on ordinary activities	4	3	7
		—	—
Profit on ordinary activities after taxation retained for the year	9	30	9
		==	==

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 8 to 11 form part of these financial statements.

James Steele (Insurance) Limited

Balance sheet at 30 September 2001

	Note	2001 £'000	2001 £'000	2000 £'000	2000 £'000
Current assets					
Debtors	5	2,068		2,207	
Bank balances		462		520	
		<u>2,530</u>		<u>2,727</u>	
Creditors: amounts falling due within one year	7	<u>1,921</u>		<u>2,148</u>	
Total assets less current liabilities			<u>609</u>		<u>579</u>
Capital and reserves					
Called up share capital	8		500		500
Profit and loss account	9		109		79
			<u>609</u>		<u>579</u>
Equity shareholders' funds			<u>609</u>		<u>579</u>

The financial statements were approved by the Board on 29 January 2002.

M E Shaw

K C Joyner

Directors



The notes on pages 8 to 11 form part of these financial statements.

James Steele (Insurance) Limited

Notes forming part of the financial statements for the year ended 30 September 2001

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover comprises brokerage and commission earned. This income is taken to profit either when the client is debited or the inception date of the policy, whichever is the later. Short-term interest is taken to profit as receivable. Investment income is included gross as receivable or at the amounts receivable plus the attributed tax credit.

Foreign currency

Balances of foreign currency included in current assets and liabilities have been converted to sterling at the rates ruling at the balance sheet date.

Profits or losses arising on conversion are the amounts relating to foreign currency business placed by a fellow subsidiary undertaking on behalf of the company, and are included in the profit and loss account as a credit or charge to investment and other income.

Debtors and creditors

Balances arising from insurance broking transactions included under debtors and creditors are only offset to the extent permitted under the provisions of Financial Reporting Standard No 5 "Reporting the substance of transactions".

2 Turnover

	2001 £'000	2000 £'000
Analysis by class of business:		
Brokerage and commission income	577	519
Investment and other income	23	(7)
	<hr/>	<hr/>
	600	512
	<hr/>	<hr/>

James Steele (Insurance) Limited

Notes forming part of the financial statements for the year ended 30 September 2001 (*Continued*)

3 Operating charges

The directors and the other staff are remunerated by the parent company. The remuneration paid by the parent company is included in the management charge, which also covers all establishment and administration expenses, including auditors remuneration. The company paid £3,289 (2000 - £3,159) as a pension to a former director.

The company made no contribution (2000 - £12,500) to the Cooper Gay Employee Trust, an employee share ownership plan established by the company's parent company. The Trust is for the benefit of certain of the company's employees.

4 Taxation on profit on ordinary activities

	2001 £'000	2000 £'000
<i>UK Corporation tax</i>		
<i>Current year</i>		
Current tax on income for the year	7	7
<i>Prior years</i>		
UK Corporation tax	(4)	-
	<u>3</u>	<u>7</u>

5 Debtors

	2001 £'000	2000 £'000
Trade debtors	1,986	2,088
Amounts owed by group undertakings	71	110
Amounts owed by associated undertakings	11	9
	<u>2,068</u>	<u>2,207</u>

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

As set out in note 11, debtors include £2,068,000 (2000 - £2,207,000) in respect of insurance broking activities.

6 Bank balances

As set out in note 11, bank balances include £445,000 (2000 - £519,000) in respect of insurance broking activities.

James Steele (Insurance) Limited

Notes forming part of the financial statements for the year ended 30 September 2001 (Continued)

7 Creditors: amounts falling due within one year

	2001 £'000	2000 £'000
Trade creditors	1,859	2,098
Amounts owed to group undertakings	52	43
Amounts owed to associated undertakings	3	-
Corporation tax	7	7
	<u>1,921</u>	<u>2,148</u>

As set out in note 11, creditors include £1,895,000 (2000 - £2,138,000) in respect of insurance broking activities.

8 Share capital

	Authorised		Allotted, called up and fully paid	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
<i>Equity share capital</i>				
500,000 Ordinary shares of £1 each	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>

9 Reserves

	Profit and loss account £'000
At 1 October 2000	79
Profit for the year	30
	<u>109</u>
At 30 September 2001	

10 Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
Profit for the year	30	9
Opening shareholders' funds	<u>579</u>	<u>570</u>
Closing shareholders' funds	<u>609</u>	<u>579</u>

11 Insurance broking assets and liabilities

The company acts as an agent in placing the insurable risks of its clients with insurers and, as such generally is not liable as principal for amounts arising from such transactions. Notwithstanding this legal relationship, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities.

It is normal practice for insurance brokers to settle amounts with other intermediaries, clients, insurers and market settlement bureaux on a net basis.

The legal status of this practice of net settlement is uncertain and in the event of an insolvency it is generally abandoned. Financial Reporting Standard No 5 "Reporting the substance of transactions" requires that offset of assets and liabilities should be recognised in financial statements where, and only where, the offset would survive the insolvency of the other party. Accordingly, only such offsets have been recognised in calculating insurance broking debtors and creditors.

Insurance brokers are now regulated by the General Insurance Standards Council (GISC). The rules of GISC include the requirement that all insurance monies be segregated by operating one or more separate insurance bank accounts designated Insurance Bank Account (IBA) and that at all times insurance broking assets, ie debtors and cash, exceed insurance liabilities.

	2001 £'000	2000 £'000
Insurance broking assets and liabilities were:		
Bank balances	445	519
Insurance debtors	2,068	2,207
	—	—
	2,513	2,726
	==	==
Insurance creditors	1,895	2,138
	==	==

12 Ultimate parent company and parent undertaking of larger group

The company is a wholly owned subsidiary of Cooper Gay (Holdings) Limited. This company is the ultimate controlling party.

The consolidated accounts of the parent company are available from 26 Creechurch Lane, London, EC3A 5JE.

The company has taken advantage of the exemption, given under Financial Reporting Standard No 8 "Related Party Disclosures", from the requirement to disclose transactions with related parties where 90% of the voting rights are controlled by the group.