

WALMSLEYS INSURANCE BROKERS LIMITED

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001



WALMSLEYS INSURANCE BROKERS LIMITED

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for the Year Ended 31 December 2001**

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WALMSLEYS INSURANCE BROKERS LIMITED

COMPANY INFORMATION
for the Year Ended 31 December 2001

DIRECTORS:

E Walmsley
P R Williams
M P Whittle
P W Gee
Mrs J Denham
M Bellamy

SECRETARY:

Mrs C A Brown

REGISTERED OFFICE:

Walmsley House
35 Dicconson Street
Wigan
Lancashire
WN1 2AS

REGISTERED NUMBER:

297801 (England and Wales)

AUDITORS:

John Fairhurst & Co
Registered Auditors
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
WN1 2TB

BANKERS:

National Westminster Bank Plc
4 Standishgate
Wigan
Lancashire
WN1 1UJ

BANKERS:

Lloyds TSB
2-6 Market Street
Wigan
Lancashire
WN1 1JN

WALMSLEYS INSURANCE BROKERS LIMITED

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2001**

The directors present their report with the financial statements of the company for the year ended 31 December 2001.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of insurance brokers and life assurance consultants.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No interim dividend was paid during the year. The directors recommend a final dividend of 53.33 per share.

The total distribution of dividends for the year ended 31 December 2001 will be £80,000.

DIRECTORS

The directors during the year under review were:

E Walmsley	
P R Williams	
M P Whittle	- appointed 1/1/2001
P W Gee	- appointed 1/1/2001
Mrs J Denham	- appointed 1/1/2001
M Bellamy	- appointed 1/1/2001

The directors holding office at 31 December 2001 did not hold any beneficial interest in the issued share capital of the company at 1 January 2001 (or date of appointment if later) or 31 December 2001.

The directors shareholdings in the holding company can be seen in the financial statements of Walmsley Williams Limited.

STATEMENT OF 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 those financial statements, the directors are required to

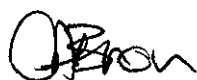
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The auditors, John Fairhurst & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Mrs C A Brown - SECRETARY

Dated: 26.4.02.

WALMSLEYS INSURANCE BROKERS LIMITED

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
WALMSLEYS INSURANCE BROKERS LIMITED**

We have audited the financial statements of Walmsleys Insurance Brokers Limited for the year ended 31 December 2001 on pages four to seventeen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 Report of the Directors 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 Report of the Directors 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


John Fairhurst & Co
Registered Auditors
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
WN1 2TB

Dated:

1 May 2002

WALMSLEYS INSURANCE BROKERS LIMITED

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2001

		<u>2001</u>		<u>2000</u>	
	Notes	£	£	£	£
TURNOVER			2,056,858		2,026,982
Administrative expenses			<u>1,988,073</u>		<u>1,950,429</u>
			68,785		76,553
Other operating income			<u>-</u>		<u>1,741</u>
OPERATING PROFIT	3		68,785		78,294
Income from investments		2,654		2,655	
Interest receivable and similar income		<u>41,413</u>		<u>45,716</u>	
			<u>44,067</u>		<u>48,371</u>
			112,852		126,665
Interest payable and similar charges	4		<u>6,447</u>		<u>14,926</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			106,405		111,739
Tax on profit on ordinary activities	5		<u>21,280</u>		<u>22,637</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			85,125		89,102
Dividends	6		<u>80,000</u>		<u>80,000</u>
			5,125		9,102
Retained profit brought forward			<u>191,671</u>		<u>182,569</u>
RETAINED PROFIT CARRIED FORWARD			<u><u>£196,796</u></u>		<u><u>£191,671</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

WALMSLEYS INSURANCE BROKERS LIMITED

BALANCE SHEET
31 December 2001

		<u>2001</u>		<u>2000</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		486,607		520,645
Investments	8		<u>24,309</u>		<u>24,309</u>
			510,916		544,954
CURRENT ASSETS:					
Debtors	9	604,768		571,449	
Cash at bank and in hand		<u>1,018,653</u>		<u>666,730</u>	
		1,623,421		1,238,179	
CREDITORS: Amounts falling due within one year	10	<u>1,650,525</u>		<u>1,317,010</u>	
NET CURRENT LIABILITIES:			<u>(27,104)</u>		<u>(78,831)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			483,812		466,123
CREDITORS: Amounts falling due after more than one year	11		(63,196)		(115,946)
PROVISIONS FOR LIABILITIES AND CHARGES:	15		<u>(160,551)</u>		<u>(95,237)</u>
			<u>£260,065</u>		<u>£254,940</u>
CAPITAL AND RESERVES:					
Called up share capital	16		1,500		1,500
Revaluation reserve	17		61,769		61,769
Profit and loss account			<u>196,796</u>		<u>191,671</u>
SHAREHOLDERS' FUNDS:	20		<u>£260,065</u>		<u>£254,940</u>

ON BEHALF OF THE BOARD:



P R Williams - DIRECTOR

Approved by the Board on 26.4.2002

The notes form part of these financial statements

WALMSLEYS INSURANCE BROKERS LIMITED

**CASH FLOW STATEMENT
for the Year Ended 31 December 2001**

		<u>2001</u>		<u>2000</u>	
	Notes	£	£	£	£
Net cash inflow/(outflow) from operating activities	1		510,987		(256,147)
Returns on investments and servicing of finance	2		37,325		33,445
Taxation			(21,741)		(16,084)
Capital expenditure and financial investment	2		(8,031)		24,086
Equity dividends paid			<u>(80,000)</u>		<u>(80,000)</u>
			438,540		(294,700)
Financing	2		<u>(86,617)</u>		<u>(90,733)</u>
Increase/(Decrease) in cash in the period			<u>£351,923</u>		<u>£(385,433)</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
Increase/(Decrease) in cash in the period		351,923		(385,433)	
Cash outflow from decrease in debt and lease financing		<u>43,617</u>		<u>86,983</u>	
Change in net funds resulting from cash flows			395,540		(298,450)
New finance leases			<u>(22,700)</u>		<u>(59,910)</u>
Movement in net funds in the period			372,840		(358,360)
Net funds at 1 January			<u>607,867</u>		<u>966,227</u>
Net funds at 31 December			<u>£980,707</u>		<u>£607,867</u>

The notes form part of these financial statements

WALMSLEYS INSURANCE BROKERS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 December 2001**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2001 £	2000 £
Operating profit	68,785	78,294
Depreciation charges	58,843	71,591
Loss on sale of fixed assets	5,926	17,343
Profit on sale of fixed assets	-	(15,000)
Increase in debtors	(33,319)	(27,586)
Increase/(Decrease) in creditors	<u>410,752</u>	<u>(380,789)</u>
Net cash inflow/(outflow) from operating activities	<u>510,987</u>	<u>(256,147)</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2001 £	2000 £
Returns on investments and servicing of finance		
Interest received	41,413	45,716
Interest paid	(1,882)	(5,870)
Interest element of hire purchase payments	(4,565)	(9,056)
Dividends received	<u>2,359</u>	<u>2,655</u>
Net cash inflow for returns on investments and servicing of finance	<u>37,325</u>	<u>33,445</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(37,231)	(18,898)
Cash payments - investmt purch	-	(788)
Sale of intangible fixed assets	-	15,000
Sale of tangible fixed assets	<u>29,200</u>	<u>28,772</u>
Net cash (outflow)/inflow for capital expenditure	<u>(8,031)</u>	<u>24,086</u>
Financing		
Loan repayments in year	(85,617)	(98,983)
Provisions for future costs	65,000	2,250
Amount introduced by directors	-	66,000
Amount withdrawn by directors	<u>(66,000)</u>	<u>(60,000)</u>
Net cash outflow from financing	<u>(86,617)</u>	<u>(90,733)</u>

The notes form part of these financial statements

WALMSLEYS INSURANCE BROKERS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 December 2001**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/01 £	Cash flow £	Other non-cash changes £	At 31/12/01 £
Net cash:				
Cash at bank and in hand	<u>666,730</u>	<u>351,923</u>		<u>1,018,653</u>
	<u>666,730</u>	<u>351,923</u>		<u>1,018,653</u>
Debt:				
Hire purchase	<u>(58,863)</u>	<u>43,617</u>	<u>(22,700)</u>	<u>(37,946)</u>
	<u>(58,863)</u>	<u>43,617</u>	<u>(22,700)</u>	<u>(37,946)</u>
Total	<u>607,867</u>	<u>395,540</u>	<u>(22,700)</u>	<u>980,707</u>
Analysed in Balance Sheet				
Cash at bank and in hand	666,730			1,018,653
Hire purchase				
within one year	(38,917)			(28,750)
after one year	<u>(19,946)</u>			<u>(9,196)</u>
	<u>607,867</u>			<u>980,707</u>

The notes form part of these financial statements

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2001

1. ACCOUNTING POLICIES

Basis of consolidation

The company has taken advantage of the exemptions available to it as a medium size company in not preparing consolidated group financial statements.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

This is net of insurance premium tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Leasehold property	- not provided
Office furniture	- 15% on reducing balance
Improvements to property	- 2% on reducing balance
Computer equipment	- 20% on reducing balance
Office equipment	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001

1. ACCOUNTING POLICIES - continued

Insurance broking debtors and creditors

Insurance brokers usually act as agents in placing the insurable risks of their client and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities. This recognises that the insurance broker is entitled to retain the investment income on any cash flows arising from these transactions.

Debtors and creditors arising from a transaction between client and insurers are recorded simultaneously. Consequently, there is a high level of correlation between the totals reported in respect of insurance broking debtors and insurance broking creditors.

The position of the insurance broker as agent means that generally the credit risk is borne by the principals. There can be circumstances where the insurance acquires credit risk - through statute, or through the act of omission of the insurance broker or of one of the principals. There is much legal uncertainty surrounding the circumstances and the extent of such exposures and consequently they cannot be evaluated. However, the total insurance broking debtors appearing in the balance sheet is not an indication of credit risk.

It is normal practice for insurance brokers to settle accounts with other intermediaries, clients, insurers and market settlement bureau on a net basis. Thus, large changes in both insurance broking debtors and creditors can result from comparatively small cash settlements. For this reason the totals of insurance broking debtors and creditors give no indication of future cashflows.

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 substance of transactions" requires that the 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.

2. STAFF COSTS

	2001	2000
	£	£
Wages and salaries	1,243,927	1,272,076
Social security costs	122,297	123,647
Other pension costs	<u>60,194</u>	<u>60,335</u>
	<u>1,426,418</u>	<u>1,456,058</u>

The average monthly number of employees during the year was as follows:

	2001	2000
Administration	<u>72</u>	<u>70</u>

WALMSLEYS INSURANCE BROKERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001**

3. OPERATING PROFIT

The operating profit is stated after charging:

	2001	2000
	£	£
Hire of plant and machinery	55,756	34,628
Other operating leases	-	7,557
Depreciation - owned assets	40,700	45,933
Depreciation - assets on hire purchase contracts	18,143	25,658
Loss on disposal of fixed assets	5,926	2,343
Auditors' remuneration	<u>6,500</u>	<u>7,000</u>
Directors' emoluments	396,190	178,992
Directors' pension contributions to money purchase schemes	<u>20,000</u>	<u>20,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

Information regarding the highest paid director for the year ended 31 December 2001 is as follows:

	2001
	£
Emoluments etc	<u>133,481</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2001	2000
	£	£
Bank interest	1,882	5,870
Hire purchase	<u>4,565</u>	<u>9,056</u>
	<u>6,447</u>	<u>14,926</u>

5. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	2001	2000
	£	£
UK corporation tax	20,966	22,411
Overprovision in prior years	-	(2,723)
Deferred tax	<u>314</u>	<u>2,949</u>
	<u>21,280</u>	<u>22,637</u>

UK corporation tax has been charged at 20% (2000 - 20%).

6. DIVIDENDS

	2001	2000
	£	£
Equity shares:		
Ordinary - proposed	<u>80,000</u>	<u>80,000</u>

WALMSLEYS INSURANCE BROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001

7. TANGIBLE FIXED ASSETS

	Leasehold property	Office furniture	Improvements to property
	£	£	£
COST:			
At 1 January 2001	230,000	38,816	12,397
Additions	<u>-</u>	<u>77</u>	<u>-</u>
At 31 December 2001	<u>230,000</u>	<u>38,893</u>	<u>12,397</u>
DEPRECIATION:			
At 1 January 2001	-	17,757	1,415
Charge for year	<u>-</u>	<u>3,169</u>	<u>220</u>
At 31 December 2001	<u>-</u>	<u>20,926</u>	<u>1,635</u>
NET BOOK VALUE:			
At 31 December 2001	<u>230,000</u>	<u>17,967</u>	<u>10,762</u>
At 31 December 2000	<u>230,000</u>	<u>21,059</u>	<u>10,982</u>

	Computer equipment	Office equipment	Motor vehicles	Totals
	£	£	£	£
COST:				
At 1 January 2001	224,736	143,801	183,581	833,331
Additions	5,529	2,305	52,020	59,931
Disposals	<u>-</u>	<u>-</u>	<u>(82,166)</u>	<u>(82,166)</u>
At 31 December 2001	<u>230,265</u>	<u>146,106</u>	<u>153,435</u>	<u>811,096</u>
DEPRECIATION:				
At 1 January 2001	159,026	69,871	64,617	312,686
Charge for year	13,775	11,767	29,912	58,843
Eliminated on disposals	<u>-</u>	<u>-</u>	<u>(47,040)</u>	<u>(47,040)</u>
At 31 December 2001	<u>172,801</u>	<u>81,638</u>	<u>47,489</u>	<u>324,489</u>
NET BOOK VALUE:				
At 31 December 2001	<u>57,464</u>	<u>64,468</u>	<u>105,946</u>	<u>486,607</u>
At 31 December 2000	<u>65,710</u>	<u>73,930</u>	<u>118,964</u>	<u>520,645</u>

In accordance with Statement of Standard Accounting Practice No 19, the leasehold property has not been subject to depreciation as the unexpired term of the lease exceeds 25 years. The directors do not consider that the leasehold property is held in the balance sheet at a figure greater than market value.

The leasehold property was revalued at 31 December 1992. The term of the lease is 999 years from 2 February 1877. At December 1992 there were 883 years left.

The property has been revalued at £230,000. The depreciation over 883 years would equate to £260 per annum. Over the nine years to 2001 this would accumulate to £2,340.

If the rate of 2% per annum was considered, the cumulated depreciation to 2001 would be £41,400.

WALMSLEYS INSURANCE BROKERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001**

7. TANGIBLE FIXED ASSETS - continued

The net book value of tangible fixed assets includes £91,032 (2000 - £119,772) in respect of assets held under hire purchase contracts.

8. FIXED ASSET INVESTMENTS

	£	
COST:		
At 1 January 2001		
and 31 December 2001		<u>24,309</u>
NET BOOK VALUE:		
At 31 December 2001		<u>24,309</u>
At 31 December 2000		<u>24,309</u>
	2001	2000
	£	£
Investments listed on recognised stock exchange	21,124	21,124
Unlisted investments	<u>3,185</u>	<u>3,185</u>
	<u>24,309</u>	<u>24,309</u>

Market value of listed investments at 31 December 2001 - £165,178 (2000 - £333,753).

**9. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2001	2000
	£	£
Trade debtors	584,416	513,152
Other debtors	-	2,000
Prepayments	<u>20,352</u>	<u>56,297</u>
	<u>604,768</u>	<u>571,449</u>

**10. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2001	2000
	£	£
Bank loans and overdrafts (see note 12)	12,000	12,000
Hire purchase contracts (see note 13)	28,750	38,917
Trade creditors	1,343,689	951,068
Other creditors	6,569	6,173
Amounts due to group company	6,632	7,224
Directors' current accounts	-	66,000
Social security & other taxes	33,457	100,281
Taxation	21,341	22,411
Accrued expenses	<u>198,087</u>	<u>112,936</u>
	<u>1,650,525</u>	<u>1,317,010</u>

WALMSLEYS INSURANCE BROKERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001**

**11. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	2001 £	2000 £
Bank loans (see note 12)	54,000	96,000
Hire purchase contracts (see note 13)	<u>9,196</u>	<u>19,946</u>
	<u><u>63,196</u></u>	<u><u>115,946</u></u>

12. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	2001 £	2000 £
Amounts falling due within one year or on demand:		
Bank loans	<u>12,000</u>	<u>12,000</u>
Amounts falling due between one and two years:		
Bank loans	<u>12,000</u>	<u>12,000</u>
Amounts falling due between two and five years:		
Bank loans	<u>36,000</u>	<u>36,000</u>
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Bank loans	<u>6,000</u>	<u>48,000</u>

WALMSLEYS INSURANCE BROKERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001**

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2001	2000
	£	£
Gross obligations repayable:		
Within one year	31,936	43,356
Between one and five years	<u>9,865</u>	<u>22,269</u>
	<u>41,801</u>	<u>65,625</u>
 Finance charges repayable:		
Within one year	3,186	4,439
Between one and five years	<u>669</u>	<u>2,323</u>
	<u>3,855</u>	<u>6,762</u>
 Net obligations repayable:		
Within one year	28,750	38,917
Between one and five years	<u>9,196</u>	<u>19,946</u>
	<u>37,946</u>	<u>58,863</u>

The following payments are committed to be paid within one year:

	Land and buildings operating leases	
	2001	2000
	£	£
Expiring:		
In more than five years	<u>28,000</u>	<u>28,000</u>

14. SECURED DEBTS

The following secured debts are included within creditors:

	2001	2000
	£	£
Bank loans	66,000	108,000
Hire purchase contracts	<u>37,946</u>	<u>58,863</u>
	<u>103,946</u>	<u>166,863</u>

The loan is secured by a legal charge dated 18 April 1978 in favour of National Westminster Bank Plc on land and buildings at 35 Dicconson Street, Wigan.

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2001

15. PROVISIONS FOR LIABILITIES AND CHARGES

	2001 £	2000 £
Provision	-	30,000
Future costs for claims	40,000	45,000
Commission - The Independent Insurance Company Limited	100,000	-
Deferred tax	<u>20,551</u>	<u>20,237</u>
	<u>160,551</u>	<u>95,237</u>
	Deferred tax £	
Balance at 1 January 2001	20,237	
Increase to profit & loss	<u>314</u>	
Balance at 31 December 2001	<u>20,551</u>	

Deferred tax for which provision has been made in the financial statements and the amounts for which no provision has been made, are as follows:

	Provided		Not provided	
	2001 £	2000 £	2001 £	2000 £
Accelerated capital allowances	20,551	20,237	-	-
Listed investments	<u>-</u>	<u>-</u>	<u>30,018</u>	<u>62,526</u>
	<u>20,551</u>	<u>20,237</u>	<u>30,018</u>	<u>62,526</u>

16. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2001 £	2000 £
1,500	Ordinary	£1	<u>1,500</u>	<u>1,500</u>

17. REVALUATION RESERVE

	2001 £	2000 £
Brought forward	<u>61,769</u>	<u>61,769</u>

18. ULTIMATE PARENT COMPANY

The company's share capital was acquired by Walmsley Williams Limited on the 31 January 1998. The company considers Walmsley Williams Limited, a company incorporated in England and Wales, to be its ultimate holding company.

19. CONTINGENT LIABILITIES

The net amount of Indemnity commission included in the financial statements for the year is £89,887 (2000 - £88,015).

WALMSLEYS INSURANCE BROKERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001**

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Profit for the financial year	85,125	89,102
Dividends	<u>(80,000)</u>	<u>(80,000)</u>
Net addition to shareholders' funds	5,125	9,102
Opening shareholders' funds	<u>254,940</u>	<u>245,838</u>
Closing shareholders' funds	<u><u>260,065</u></u>	<u><u>254,940</u></u>
 Equity interests	 <u><u>260,065</u></u>	 <u><u>254,940</u></u>