

RD & PE SHEPHARD LIMITED
FINANCIAL STATEMENTS
FOR
31 JANUARY 2003



HEDLEY DUNK
Chartered Accountants & Registered Auditors
Trinity House
3 Bullace Lane
Dartford
Kent DA1 1BB

RD & PE SHEPHARD LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2003

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RD & PE SHEPHARD LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

M J Buckle
M S Richardson
J Laidler

Company secretary

M S Richardson

Registered office

29 London Road
Bromley
Kent
BR1 1DH

Auditors

Hedley Dunk
Chartered Accountants
& Registered Auditors
Trinity House
3 Bullace Lane
Dartford
Kent DA1 1BB

RD & PE SHEPHARD LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 JANUARY 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 January 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of a service company for its own subsidiary which operates as a general and financial services broker.

The company's balance sheet shows a satisfactory position.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows:

M J Buckle
M S Richardson
J Laidler

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 8, 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. The directors 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.

RD & PE SHEPHARD LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JANUARY 2003

AUDITORS

The auditors, Hedley Dunk, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on .

Registered office:
29 London Road
Bromley
Kent
BR1 1DH

Signed by order of the directors


M S RICHARDSON
Company Secretary

Approved by the directors on 11 April 2003

RD & PE SHEPHARD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 JANUARY 2003

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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. Our responsibilities do not extend to any other information.

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 January 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Trinity House
3 Bullace Lane
Dartford
Kent DA1 1BB


HEDLEY DUNK
Chartered Accountants
& Registered Auditors

16 April 2003

RD & PE SHEPHARD LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JANUARY 2003

	Note	2003 £	2002 £
TURNOVER		—	—
Administrative expenses		—	—
Other operating income	2	—	(50,000)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		—	50,000
Tax on profit on ordinary activities		—	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		—	50,000
Dividends	5	—	50,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		—	—
Balance brought forward		93	93
Balance carried forward		93	93

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

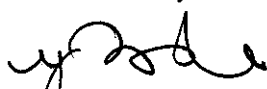
RD & PE SHEPHARD LIMITED

BALANCE SHEET

31 JANUARY 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Investments	6	601,000	601,000
CURRENT ASSETS			
Debtors	7	37,339	100,239
CREDITORS: Amounts falling due within one year	8	—	62,900
NET CURRENT ASSETS		37,339	37,339
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>638,339</u>	<u>638,339</u>
CAPITAL AND RESERVES			
Called-up equity share capital	9	2,051	2,051
Share premium account		636,195	636,195
Profit and Loss Account		93	93
SHAREHOLDERS' FUNDS	10	<u>638,339</u>	<u>638,339</u>

These financial statements were approved by the directors on the 11 April 2003 and are signed on their behalf by:



MR BUCKLE
Director

RD & PE SHEPHARD LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 JANUARY 2003

	2003		2002
	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	—		50,000
EQUITY DIVIDENDS PAID	—		(50,000)
INCREASE IN CASH	—		—

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Operating profit	—	50,000
Decrease/(Increase) in debtors	62,900	(50,000)
(Decrease)/Increase in creditors	(62,900)	50,000
Net cash inflow from operating activities	—	50,000

RD & PE SHEPHARD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2003

1. ACCOUNTING POLICIES**Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Consolidation

Consolidated accounts have not been prepared because the company has taken advantage of Section 228 of the Companies Act 1985, in that it is a wholly owned subsidiary of Shephard Holdings Limited which is incorporated in England and prepares the group accounts.

2. OTHER OPERATING INCOME

	2003	2002
	£	£
Other operating income	—	50,000
	<u> </u>	<u> </u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2003	2002
	£	£
Directors' emoluments	—	—
	<u> </u>	<u> </u>

4. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the year.

5. DIVIDENDS

No dividend has been recommended for the year ended 31 January 2003.

6. INVESTMENTS

	Investments other than loans £
COST	
At 1 February 2002 and 31 January 2003	601,000
	<u> </u>
NET BOOK VALUE	
At 31 January 2003	601,000
	<u> </u>
At 31 January 2002	601,000
	<u> </u>

RD & PE SHEPHARD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2003

6. INVESTMENTS *(continued)*

Details of the company's subsidiary at the balance sheet date were as follows:

Name	Country of incorporation/ operation	Principal activity	Class of shares	Percentage held by company
Shephard Herriot Ltd	England	Insurance broking	Ordinary	100%

7. DEBTORS

	2003 £	2002 £
Amounts owed by group undertakings	<u>37,339</u>	<u>100,239</u>

8. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Amounts owed to group undertakings	<u>—</u>	<u>62,900</u>

9. SHARE CAPITAL**Authorised share capital:**

	2003 £	2002 £
2,051 Ordinary shares of £1 each	<u>2,051</u>	<u>2,051</u>

Allotted, called up and fully paid:

	2003 £	2002 £
Ordinary share capital	<u>2,051</u>	<u>2,051</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	—	50,000
Dividends	—	(50,000)
	<u>—</u>	<u>—</u>
Opening shareholders' equity funds	<u>638,339</u>	<u>638,339</u>
Closing shareholders' equity funds	<u>638,339</u>	<u>638,339</u>

11. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking at the balance sheet date was Shephard Holdings Limited, a company incorporated in England.