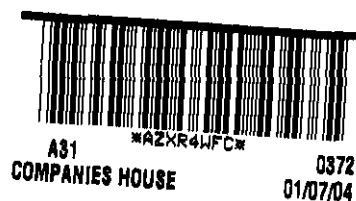


SOUTH ESSEX INSURANCE GROUP LIMITED

Company No. 00779100

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2003**



South Essex Insurance Group Limited

Company Information

Director

B.W. Fehler

Secretary

J. Fehler

Registered Office

South Essex House
North Road
South Ockendon
Essex
RM15 6NU

Bankers

Barclays Bank plc
54 Lombard Street
London
EC3P 3AH

Auditors

Kingston Smith
Devonshire House
60 Goswell Road
London
EC1M 7AD

South Essex Insurance Group Limited

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2	Report of the Auditors
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South Essex Insurance Group Limited

Report of the Director

The director presents his annual report and the audited financial statements for the year ended 31st December 2003.

Principal Activities and Business Review

The principal activities of the group are operating as insurance brokers, tour operators and travel agents.

The group's profit before tax increased by 69 % and net assets increased by 55%. 2004 has so far shown steady growth in turnover and commission income without any significant increase in administrative expenses.

Results and Dividend

The results of the group for the year are set out on page 3.

An interim dividend of £217.79 per share was declared during the year.

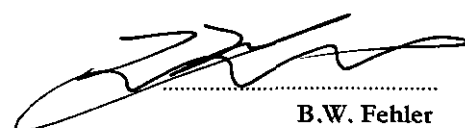
Director and his Interest

The director who served the company throughout the year together with his interest in the shares of the company, at the beginning and end of the year, was as follows:

	Ordinary Shares of £1 each	
	31st December 2003	1st January 2003
B.W. Fehler	1,000	1,000

Auditors

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act 1985 it is proposed that they be re-appointed auditors for the ensuing year.



B.W. Fehler
Director

South Essex House
North Road
South Ockendon
Essex RM15 6NU

Date: 25/6/2004

South Essex Insurance Group Limited
Director's Responsibilities and Report of the Auditors
Statement of Director's Responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss for that period.

In preparing those financial statements, the director is required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the financial statements on a going concern basis unless it is inappropriate to assume that the group will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Shareholder of
South Essex Insurance Group Limited

We have audited the financial statements of South Essex Insurance Group Limited for the year ended 31st December 2003 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Director and Auditors

As described in the Statement of Director's Responsibilities, the company's director is responsible for the preparation of the 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 Director's 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 the director's remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any misstatement 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 director in the preparation of the financial statements 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 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 affairs of the company and of the group as at 31st December 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Devonshire House
60 Goswell Road
London EC1M 7AD

Date:

28/6/2004

Kingston Smith
Kingston Smith
Chartered Accountants
and Registered Auditors

South Essex Insurance Group Limited
Consolidated Profit and Loss Account
For the year ended 31st December 2003

	Note	2003 £	2002 £
Turnover	2	6,047,633	5,764,932
Cost of sales		<u>(5,342,979)</u>	<u>(4,998,524)</u>
Gross Profit		704,654	766,408
Commission receivable	2	4,999,257	4,246,076
Other operating income		905	6,603
Administrative expenses		<u>(5,027,037)</u>	<u>(4,669,734)</u>
Operating Profit		677,779	349,353
Other interest receivable and similar income		373,871	306,576
Interest payable and similar charges	4	<u>(97,527)</u>	<u>(91,842)</u>
Profit on Ordinary Activities before Taxation	5	954,123	564,087
Taxation	6	<u>(287,333)</u>	<u>(189,663)</u>
Profit for the Financial Year		666,790	374,424
Dividend on equity shares		<u>(217,786)</u>	<u>(227,000)</u>
Retained Profit for the Financial Year	7	<u><u>449,004</u></u>	<u><u>147,424</u></u>

Statement of Total Recognised Gains and Losses
For the year ended 31st December 2003

	2003 £	2002 £
Profit for the Financial Year	666,790	374,424
Unrealised surplus on revaluation of properties	<u>-</u>	<u>81,780</u>
Total Recognised Gains Relating to the Year	<u><u>666,790</u></u>	<u><u>456,204</u></u>

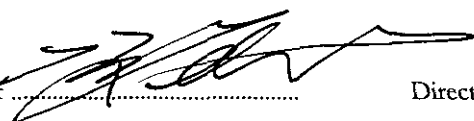
South Essex Insurance Group Limited
Consolidated Balance Sheet at 31st December 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed Assets					
Intangible assets	8		89,272		104,896
Tangible assets	9		1,601,669		1,548,478
Investments	10		<u>4,000</u>		<u>4,000</u>
			1,694,941		1,657,374
Current Assets					
Livestock	11	128,890		131,690	
Debtors	12	4,659,503		4,044,579	
Cash at bank and in hand:					
Insurance broking accounts		129,788		220,554	
Office accounts		<u>238,362</u>		<u>242,117</u>	
		5,156,543		4,638,940	
Creditors: Amounts falling due within one year	13	<u>(5,005,617)</u>		<u>(4,820,349)</u>	
Net Current Liabilities			<u>150,926</u>		<u>(181,409)</u>
Total Assets less Current Liabilities			1,845,867		1,475,965
Creditors: Amounts falling due after more than one year	14		<u>(584,967)</u>		<u>(664,069)</u>
Net Assets			<u><u>1,260,900</u></u>		<u><u>811,896</u></u>
Capital and Reserves					
Called up share capital - equity interests	15		1,000		1,000
Revaluation reserve	15		456,007		456,007
Profit and loss account	15		<u>803,893</u>		<u>354,889</u>
Shareholder's Funds			<u><u>1,260,900</u></u>		<u><u>811,896</u></u>

The financial statements were approved by the Director on

25/6/2004

B.W. Fehler



Director

South Essex Insurance Group Limited

Balance Sheet at 31st December 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed Assets					
Tangible assets	9		465,155		438,693
Investments	10		<u>5,904,530</u>		<u>5,374,531</u>
			6,369,685		5,813,224
Current Assets					
Livestock	11	136,290		139,090	
Debtors	12	3,064		78,624	
Cash at bank and in hand		<u>1,217</u>		<u>9,615</u>	
		140,571		227,329	
Creditors: Amounts falling due within one year	13	<u>(1,011,708)</u>		<u>(882,566)</u>	
Net Current Liabilities			<u>(871,137)</u>		<u>(655,237)</u>
Total Assets less Current Liabilities			5,498,548		5,157,987
Creditors: Amounts falling due after more than one year	14		<u>(223,948)</u>		<u>(235,803)</u>
Net Assets			<u>5,274,600</u>		<u>4,922,184</u>
Capital and Reserves					
Called up share capital - equity interests	15		1,000		1,000
Revaluation reserve	15		4,188,344		3,888,345
Profit and loss account	15		<u>1,085,256</u>		<u>1,032,839</u>
Shareholder's Funds			<u>5,274,600</u>		<u>4,922,184</u>

The financial statements were approved by the Director on

25/6/2004

B.W. Fehler



Director

South Essex Insurance Group Limited
Consolidated Cash Flow Statement
For the year ended 31st December 2003

	Note	2003 £	2003 £	2002 £	2002 £
Net Cash (Outflow)/Inflow from Operating Activities	(i)		(332,356)		439,841
Returns on Investments and Servicing of Finance					
Interest received		373,871		306,576	
Interest paid		<u>(97,527)</u>		<u>(91,842)</u>	
Net Cash Inflow for Returns on Investments and Servicing of Finance			276,344		214,734
Taxation Paid			(188,430)		(26,104)
Capital Expenditure					
Payments to acquire tangible fixed assets		(234,292)		(421,755)	
Receipts from the sale of tangible fixed assets		<u>48,500</u>		<u>41,450</u>	
Net Cash Outflow for Capital Expenditure			(185,792)		(380,305)
Acquisitions and Disposals					
Cash at bank and in hand acquired		<u>-</u>		<u>8,471</u>	
Net Cash Inflow for Acquisitions and Disposals			-		8,471
Equity Dividends Paid			<u>(217,786)</u>		<u>(227,000)</u>
Cash (Outflow)/Inflow before Financing			(648,020)		29,637
Financing					
Debt due within a year:					
<i>increase in long-term bank loans</i>		-		150,000	
<i>increase in other long-term loans</i>		-		205,000	
<i>repayment of long-term bank loans</i>		(35,153)		(48,168)	
<i>repayment of other long-term loans</i>		(23,297)		(25,000)	
Capital element of finance lease rental payments		<u>(38,771)</u>		<u>(33,854)</u>	
Net Cash (Outflow)/Inflow from Financing			<u>(97,221)</u>		<u>247,978</u>
(Decrease)/Increase in Cash	(ii)		<u><u>(745,241)</u></u>		<u><u>277,615</u></u>

South Essex Insurance Group Limited
Notes to the Consolidated Cash Flow Statement
For the year ended 31st December 2003

(i) Reconciliation of Operating Profit to Net Cash (Outflow)/Inflow from Operating Activities		2003	2002	
		£	£	
Operating profit		677,779	349,353	
Depreciation		178,582	138,967	
Amortisation of goodwill		15,624	15,624	
Profit on the sale of tangible fixed assets		(4,013)	(20,878)	
Decrease in livestock		2,800	1,297	
Increase in debtors		(614,924)	(223,657)	
(Decrease)/Increase in creditors		(588,204)	179,135	
Net cash inflow from operating activities		<u>(332,356)</u>	<u>439,841</u>	
(ii) Reconciliation of Net Cash Flow to Movement in Net Debt (Note (iii))				
(Decrease)/Increase in cash in the year		(745,241)	277,615	
Cash inflow/(outflow) from increase in debt and lease financing		<u>97,221</u>	<u>(247,978)</u>	
Change in net debt resulting from cash flows		(648,020)	29,637	
New finance leases		<u>(41,968)</u>	<u>(45,000)</u>	
Movement in net debt in the year		(689,988)	(15,363)	
Net debt at 1st January 2003		<u>(665,659)</u>	<u>(650,296)</u>	
Net debt at 31st December 2003		<u>(1,355,647)</u>	<u>(665,659)</u>	
(iii) Analysis of Changes in Net Debt				
	At		Other	At
	1st January	Cash	Non-Cash	31st December
	2002	Flow	Changes	2003
	£	£	£	£
Cash at bank and in hand				
Insurance broking accounts	220,554	(90,766)		129,788
Office accounts	242,117	(3,755)		238,362
Overdrafts				
Insurance broking accounts	(182,396)	(402,391)		(584,787)
Office accounts	<u>(185,931)</u>	<u>(248,329)</u>		<u>(434,260)</u>
	<u>94,344</u>	<u>(745,241)</u>		<u>(650,897)</u>
Debt due within one year	(70,934)	(10,652)		(81,586)
Debt due after one year	(654,069)	69,102		(584,967)
Finance leases	<u>(35,000)</u>	<u>38,771</u>	(41,968)	<u>(38,197)</u>
	<u>(760,003)</u>	<u>97,221</u>	<u>(41,968)</u>	<u>(704,750)</u>
Net debt	<u>(665,659)</u>	<u>(648,020)</u>		<u>(1,355,647)</u>

(iv) Major Non-Cash Transactions

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £75,813 (2002 - £45,000).

South Essex Insurance Group Limited

Notes to the Financial Statements

For the year ended 31st December 2003

1 Accounting Policies

Accounting Basis and Standards

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

The group acts, in part, as an agent in broking the insurable risks of its clients and, generally, is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the group's legal relationship with clients and underwriters and since in practice premiums and claim monies are usually accounted for by insurance intermediaries, it has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the group itself.

Basis of Consolidation

The group financial statements incorporate a consolidation of the financial statements of the company and its subsidiary undertakings. The results of the subsidiary undertakings acquired during the year are included in the consolidated financial statements using acquisition accounting from the effective date of acquisition.

Goodwill

Goodwill is determined by comparing the amount paid on the acquisition of a subsidiary or associated undertaking and the group's share of the aggregate fair value of its separable net assets. Goodwill is capitalised and amortised over a period of 15 years.

Fixed Asset Investments

Fixed asset investments are included at cost less any amount written off in respect of any permanent diminution in value.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets over their estimated useful lives as follows:

Freehold land	nil
Freehold buildings	1% per annum
Motor vehicles	4 years straight line
Furniture, fittings and equipment	between 5 and 10 years straight line

Livestock

Livestock are revalued annually at the balance sheet date by the company's director.

Deferred Taxation

In accordance with FRS 19, deferred tax is recognised as a liability or asset if transactions or events that give the company the obligation to pay more tax in future or a right to pay less tax in future have occurred by the balance sheet date.

Commission

Commission, other than life commission, is credited to the profit and loss account in accordance with amounts receivable from insurance companies. Life commissions are credited to the profit and loss account as they are received.

Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the end of the financial year. All exchange differences are dealt with in the profit and loss account.

South Essex Insurance Group Limited

Notes to the Financial Statements

For the year ended 31st December 2003 (Continued)

1 Accounting Policies (Continued)

Leasing and Hire Purchase

Assets held under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged in the profit and loss account over the period of the lease. Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pension Scheme Arrangements

Pension arrangements are being made for certain individuals employed by the group. Such arrangements all relate to money purchase schemes (defined contributions) and may at the sole discretion of the group be discontinued at any time with no outgoing liability to the group. Such contributions are held in trustee administered funds completely independent of the group's finances. The contributions made by the group are charged against profits on an accruals basis.

2 Turnover

Turnover represents the value of services provided where invoiced in full. Deposits received have been treated as deferred income. Commission represents commission receivable from insurance companies.

The total turnover for the year has been derived from activities wholly undertaken in the United Kingdom.

3 Staff Numbers and Costs

Number of Employees

The average number of employees (including the director) during the year was as follows:

	2003	2002
Management	3	3
Administration	19	19
Clerical	81	74
Farm staff and grooms	1	1
Total employees	104	97

Their total remuneration was:

	2003 £	2002 £
Wages and salaries	1,896,872	1,794,586
Social security costs	174,632	151,605
Pension contributions	53,547	37,716
Compensation for loss of office	-	60,000
	2,125,051	2,043,907

Director's emoluments

	2003	2002
Emoluments for qualifying services	130,269	80,999
Pension contributions	-	300
Compensation for loss of office	-	60,000
	130,269	141,299

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 2003 (Continued)

4 Interest Payable and Similar Charges	2003	2002
	£	£
On bank loans and overdrafts and other loans repayable by instalments:		
within five years	70,620	56,239
after five years	2,971	8,939
Finance leases and hire purchase contracts	2,405	2,307
Director's pension fund loan interest	21,531	24,357
	<u>97,527</u>	<u>91,842</u>
5 Profit on Ordinary Activities before Taxation	2003	2002
	£	£
This is stated after charging/(crediting):		
Auditors' remuneration and expenses	30,245	29,300
Depreciation:		
Owned tangible fixed assets	146,484	96,851
Assets held under finance leases and hire purchase contracts	32,098	42,116
Profit on sale of tangible fixed assets	(4,013)	(20,878)
Amortisation of goodwill	15,624	15,624
Profit on foreign exchange	(14,700)	(9,234)
Compensation for loss of office	-	60,000
Pension redress costs - exceptional item	28,234	60,000
Operating lease charges - office equipment	14,467	13,527
	<u>14,467</u>	<u>13,527</u>
6 Taxation	2003	2002
	£	£
Current year tax		
UK corporation tax	285,769	186,870
Adjustment for prior years	1,564	2,979
Current tax charge	<u>287,333</u>	<u>189,849</u>
Deferred tax charge	<u>-</u>	<u>(186)</u>
	<u>287,333</u>	<u>189,663</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>954,123</u>	<u>564,087</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002 - 30.00%)	<u>286,236</u>	<u>169,226</u>
Effects of:		
Non deductible expenses	6,765	22,231
Depreciation	58,262	46,378
Capital allowances	(47,081)	(41,397)
Tax losses utilised	(3,613)	3,728
Adjustments to previous periods	1,564	2,979
Difference in estimating quantum of profits for tax provisioning	(995)	265
Small companies relief	(13,805)	(9,424)
Other tax adjustments	-	(4,137)
	<u>1,097</u>	<u>20,623</u>
Current tax charge	<u>287,333</u>	<u>189,849</u>

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 2003 (Continued)

7 Profit for the Financial Year

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these financial statements. The group profit for the financial year of £449,004 (2002 - £147,424 profit) includes a profit of £52,417 (2002 - £38,726) which is dealt with in the financial statements of the company.

8 Intangible Assets

	Goodwill £
Group	
Cost	
At 1st January 2003	300,185
Additions	-
At 31st December 2003	<u>300,185</u>
Amortisation	
At 1st January 2003	195,289
Charge for the year	<u>15,624</u>
At 31st December 2003	<u>210,913</u>
Net Book Value	
At 31st December 2003	<u>89,272</u>
At 31st December 2002	<u>104,896</u>

9 Tangible Assets

	Freehold Property	Motor Vehicle	Furniture, Fittings and Equipment	Total
Company				
Cost or Valuation	£	£	£	£
At 1st January 2003	306,041	-	406,616	712,657
Additions	11,908	16,509	57,534	85,951
Disposals	-	-	(65,952)	(65,952)
At 31st December 2003	<u>317,949</u>	<u>16,509</u>	<u>398,198</u>	<u>732,656</u>
Depreciation				
At 1st January 2003	2,650	-	271,314	273,964
Disposals	-	-	(65,952)	(65,952)
Charge for the year	<u>1,770</u>	<u>4,128</u>	<u>53,591</u>	<u>59,489</u>
At 31st December 2003	<u>4,420</u>	<u>4,128</u>	<u>258,953</u>	<u>267,501</u>
Net Book Value				
At 31st December 2003	<u>313,529</u>	<u>12,381</u>	<u>139,245</u>	<u>465,155</u>
At 31st December 2002	<u>303,391</u>	<u>-</u>	<u>135,302</u>	<u>438,693</u>

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 2003 (Continued)

9 Tangible Assets

Group	Freehold Properties	Land and Buildings Leasehold	Motor Vehicles	Furniture, Fittings and Equipment	Total
Cost or Valuation	£	£	£	£	£
At 1st January 2003	1,121,041	81,929	305,908	1,075,438	2,584,316
Additions	11,908	-	168,186	96,166	276,260
Disposals	-	-	(94,093)	(84,657)	(178,750)
At 31st December 2003	<u>1,132,949</u>	<u>81,929</u>	<u>380,001</u>	<u>1,086,947</u>	<u>2,681,826</u>
Depreciation					
At 1st January 2003	2,650	-	185,057	848,131	1,035,838
Charge for the year	6,670	11,704	73,181	87,027	178,582
Disposals	-	-	(49,606)	(84,657)	(134,263)
At 31st December 2003	<u>9,320</u>	<u>11,704</u>	<u>208,632</u>	<u>850,501</u>	<u>1,080,157</u>
Net Book Value					
At 31st December 2003	<u>1,123,629</u>	<u>70,225</u>	<u>171,369</u>	<u>236,446</u>	<u>1,601,669</u>
At 31st December 2002	<u>1,118,391</u>	<u>81,929</u>	<u>120,851</u>	<u>227,307</u>	<u>1,548,478</u>

Certain freehold property assets of the group were valued in February 2003 and March 2003 by Calcutt MacLean Standen, Chartered Surveyors and Gerald Cope & Co., Chartered Surveyors, on an open market basis. These firms are external to the group. The remaining freehold properties were revalued as at 31st December 1999.

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2003 Net Book Value £	2003 Depreciation Charge £	2002 Net Book Value £	2002 Depreciation Charge £
Motor vehicles	<u>83,151</u>	<u>32,098</u>	<u>50,461</u>	<u>16,819</u>

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 2003 (Continued)

10 Investments

	Shares in Group Undertakings	Subordinated Loans to Group Undertakings	Total
Company Cost or Valuation	£	£	£
At 1st January 2003	4,426,531	948,000	5,374,531
Revaluation	299,999	-	299,999
Additions	-	230,000	230,000
At 31st December 2003	<u>4,726,530</u>	<u>1,178,000</u>	<u>5,904,530</u>
Amortisation			
At 1st January 2003	-	-	-
Charge for the year	-	-	-
At 31st December 2003	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value			
At 31st December 2003	<u>4,726,530</u>	<u>1,178,000</u>	<u>5,904,530</u>
At 31st December 2002	<u>4,426,531</u>	<u>948,000</u>	<u>5,374,531</u>

The following details relate to the company's wholly owned subsidiary undertakings, all of which are incorporated in England and Wales and are included in the consolidated financial statements. These companies have prepared accounts to 31st December 2003.

The company's investment in South Essex Insurance Brokers Limited was revalued by the director at 31st December 2000 to reflect its market value. The revaluation was carried out on the basis of market values of comparable companies that were sold during 2000. On the same basis the company's investment in Equestrian Underwriting Agencies Limited was revalued at 31st December 2003. The comparable historical aggregate cost for the company's investments included at valuation is £1,001.

Subsidiary Undertaking	Class of Shares Held	Principal Activity	Holding
South Essex Insurance Brokers Limited	Ordinary	Insurance Brokers	100%
Harlequin Worldwide Travel Limited	Ordinary	Tour Operators	100%
South Essex Equestrian Services Limited	Ordinary	Dormant	100%
Equestrian Underwriting Agencies Limited	Ordinary	Insurance Brokers	100%
Just Equestrian Limited	Ordinary	Insurance Brokers	100%
Group		2003	2002
Unlisted investments at cost		<u>£ 4,000</u>	<u>£ 4,000</u>

11 Livestock

	2003 £	2002 £
Company		
Show horses	126,700	126,700
Animal feed	<u>9,590</u>	<u>12,390</u>
	<u>136,290</u>	<u>139,090</u>
Group		
Show horses	119,300	119,300
Animal feed	<u>9,590</u>	<u>12,390</u>
	<u>128,890</u>	<u>131,690</u>

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 2003 (Continued)

12 Debtors	2003	2002
	£	£
Company		
Amounts owed by group undertakings	-	76,500
Other debtors	3,064	2,124
	<u>3,064</u>	<u>78,624</u>
Group		
Amounts owed by principals and insurance companies in respect of insurance transactions	4,204,715	3,622,543
Trade debtors	199,207	196,807
Other debtors	57,762	90,785
Prepayments and accrued income	197,819	134,444
	<u>4,659,503</u>	<u>4,044,579</u>
13 Creditors: Amounts falling due within one year	2003	2002
	£	£
Company		
Bank loans and overdrafts	409,368	139,332
Amounts owed to group undertakings	591,878	670,439
Other creditors	-	55,250
Accruals and deferred income	10,462	17,545
	<u>1,011,708</u>	<u>882,566</u>
Group		
Bank loans and overdrafts - insurance broking accounts	584,787	182,396
- office accounts	485,194	236,865
Amounts owed to principals and insurance companies in respect of insurance transactions	2,407,555	3,064,911
Trade creditors	592,376	649,216
Corporation tax	285,773	186,870
Social security and other taxes	64,206	51,146
Loans from director's pension fund	30,652	20,000
Other creditors	143,325	87,640
Obligations under finance leases and hire purchase contracts	38,197	25,000
Accruals and deferred income	373,552	316,305
	<u>5,005,617</u>	<u>4,820,349</u>

The bank loans and overdrafts are secured by way of a fixed and floating charge over the assets of the group.

The maturity of the group's debt, as well as its short-term creditors and debtors, is shown above and in notes 14 and 17.

Included in accruals and deferred income is an amount of £88,000 (2002 - £60,000) in respect of endowment policy complaint claims in excess of the company's indemnity insurance cover.

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 2003 (Continued)

14 Creditors: Amounts falling due after more than one year	2003 £	2002 £
Company		
Bank loans	113,948	125,803
Director's loan	<u>110,000</u>	<u>110,000</u>
	<u>223,948</u>	<u>235,803</u>
Group		
Bank loans	178,916	214,069
Director's loan	110,000	110,000
Obligations under finance leases and hire purchase contracts	-	10,000
Loans from director's pension fund	<u>296,051</u>	<u>330,000</u>
	<u>584,967</u>	<u>664,069</u>
Bank loans repayable by instalments:		
in more than one year but not more than two years	50,934	50,934
in more than two years but not more than five years	96,106	139,922
in more than five years	<u>31,876</u>	<u>23,213</u>
	<u>178,916</u>	<u>214,069</u>

Included above are bank loans totalling £56,117 (2002: £67,572) and £39,267 (2002: £51,110) which are repayable in instalments by 31 March 2007 and 13 October 2010 respectively, and carry interest at 3% over Barclays Bank plc base rate. The loans are secured on the group's freehold premises.

	2003 £	2002 £
The amounts owed to director's pension fund are repayable:		
in more than one year but not more than two years	33,652	25,000
in more than two years but not more than five years	<u>262,399</u>	<u>305,000</u>
	<u>296,051</u>	<u>330,000</u>

15 Shareholder's Funds

	Called up Share Capital	Revaluation Reserve	Profit and Loss Account	Total
Company				
2003	£	£	£	£
Balance at 1st January 2003	1,000	3,888,345	1,032,839	4,922,184
Revaluation during the year	-	299,999	-	299,999
Retained profit for the year	<u>-</u>	<u>-</u>	<u>52,417</u>	<u>52,417</u>
Balance at 31st December 2003	<u>1,000</u>	<u>4,188,344</u>	<u>1,085,256</u>	<u>5,274,600</u>
2002				
Balance at 1st January 2002	1,000	3,888,345	994,113	4,883,458
Retained profit for the year	<u>-</u>	<u>-</u>	<u>38,726</u>	<u>38,726</u>
Balance at 31st December 2002	<u>1,000</u>	<u>3,888,345</u>	<u>1,032,839</u>	<u>4,922,184</u>

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 2003 (Continued)

15 Shareholder's Funds (continued)

Group	Called up Share Capital	Revaluation Reserve	Profit and Loss Account	Total
2003	£	£	£	£
Balance at 1st January 2003	1,000	456,007	354,889	811,896
Retained profit for the year	-	-	449,004	449,004
Balance at 31st December 2003	<u>1,000</u>	<u>456,007</u>	<u>803,893</u>	<u>1,260,900</u>
2002				
Balance at 1st January 2002	1,000	374,227	207,465	582,692
Retained profit for the year	-	-	147,424	147,424
Revaluation during the year	-	81,780	-	81,780
Balance at 31st December 2002	<u>1,000</u>	<u>456,007</u>	<u>354,889</u>	<u>811,896</u>
The authorised share capital comprises:			2003	2002
			£	£
Authorised:				
1,000 Ordinary shares of £1 each			<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:				
1,000 Ordinary shares of £1 each			<u>1,000</u>	<u>1,000</u>

16 Capital Commitments

At 31st December 2003 the group had capital commitments as follows:

	2003	2002
	£	£
Authorised but not contracted for	<u>119,969</u>	<u>-</u>

17 Future Financial Commitments

Operating Leases

At 31st December 2003 the group had annual commitments under operating leases as set out below:

	2003		2002	
	Land and Buildings	Other	Land and Buildings	Other
	£	£	£	£
Leases which expire:				
within one year	-	-	-	-
in the second to fifth year	-	13,470	-	13,470
after five years	<u>61,500</u>	<u>-</u>	<u>52,750</u>	<u>-</u>
	<u>61,500</u>	<u>13,470</u>	<u>52,750</u>	<u>13,470</u>

South Essex Insurance Group Limited
Notes to the Financial Statements
For the year ended 31st December 2003 (Continued)

17 Future Financial Commitments (Continued)

Finance Leases and Hire Purchase Contracts

At 31st December 2003 the group had obligations under finance leases and hire purchase contracts as set out below:

	2003	2002
	£	£
Gross amount payable:		
within one year	40,263	26,724
in the second to fifth years	<u>-</u>	<u>10,808</u>
	40,263	37,532
Deduct: Finance charges allocated to future periods	<u>2,066</u>	<u>2,532</u>
	<u><u>38,197</u></u>	<u><u>35,000</u></u>
	2003	2002
	£	£
Finance leases and hire purchase contracts are analysed as follows:		
due within one year (Note 13)	38,197	25,000
due after more than one year (Note 14)	<u>-</u>	<u>10,000</u>
	<u><u>38,197</u></u>	<u><u>35,000</u></u>

18 Contingent Liabilities

The company has entered into a guarantee with other group companies to secure the bank borrowings of the group companies. This is secured by a fixed and floating charge over the assets of the group. At 31st December 2003 the potential liability amounted to £434,256 (2002 - £226,007).

The group has given Barclays Bank plc and insurance companies a general indemnity in respect of bonds issued by the bank in favour of the Association of British Travel Agents (ABTA), the International Air Transportation Authority (IATA), and the Civil Aviation Authority (CAA). The amount of these bonds at 31st December 2003 was £1,174,000 (2003 - £1,163,000).

19 Related Party Transactions

Included in other debtors of £57,762 (2002 - £90,785) are amounts of £nil (2002 - £7,414) and £714 (2002 - £699) due from Pet Insurance Management Services Limited and South Essex Independent Financial Advisors Limited respectively. Both companies are under the control of the sole director, B.W. Fehler.

Also included in other debtors, is an amount due from B.W. Fehler's spouse of £nil (2002 - £12,281) and an amount due from his pension fund, South Essex Insurance Pension Fund, of £12,493 (2002 - £6,144).

In addition, the group paid rent of £53,379 (2002 - £14,000) to B.W. Fehler's pension fund for occupation of business premises.

20 Controlling Party

The ultimate controlling party is B.W. Fehler by virtue of his ownership of 100% of the issued share capital in the company.