

**FOLGATE RISK SOLUTIONS (OXTED) LIMITED**

(formerly Duncan Pocock (Insurance Brokers) Limited)

**Report and Financial Statements**

**For the year from 1 April 2003 to 31 March 2004**



# **FOLGATE RISK SOLUTIONS (OXTED) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 31 MARCH 2004**

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# **FOLGATE RISK SOLUTIONS (OXTED) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 31 MARCH 2004**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

P Cullum  
A Homer  
K Maciver  
T Philip  
J Marshgreen  
P Dessent  
N Palmer-Minnis  
J Loftus  
A White  
K Martin

#### **SECRETARY**

K Martin (resigned 10 July 2003)  
T Craton (appointed 10 July 2003)

#### **REGISTERED OFFICE**

Sheldon House  
Station Road East  
Oxted  
Surrey RH8 0QB

#### **BANKERS**

The Royal Bank of Scotland plc  
62/63 Threadneedle Street  
PO Box 412  
London EC2P 8LA

#### **AUDITORS**

Deloitte & Touche LLP  
London

# FOLGATE RISK SOLUTIONS (OXTED) LIMITED

## REPORT AND FINANCIAL STATEMENTS 31 MARCH 2004

### DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year from 1 April 2003 to 31 March 2004. The company changed its name on 29 July 2004 from Duncan Pocock (Insurance Brokers) Limited to Folgate Risk Solutions (Oxted) Limited.

### PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company's principal activity is insurance broking.

In the year to 31 March 2004 both the level of business and the year end financial position are satisfactory, a situation which is expected to continue for the foreseeable future.

Pursuant to certain financing arrangements between The Royal Bank of Scotland plc and certain of its subsidiary companies ("RBS"), and The Folgate Partnership Limited (note 20), the company has granted security to RBS in respect of monies owed via a guarantee and debenture in favour of RBS pursuant to which, among other things, the company guarantees all monies and liabilities now or at any time hereafter due, owing or incurred from and by The Folgate Partnership Limited and its subsidiaries to RBS and has granted fixed and floating charges over the whole of its assets and undertakings.

Details of post balance sheet events are provided in note 17 to the financial statements.

### DIVIDENDS

The directors do not propose the payment of a dividend (2003: £nil).

### DIRECTORS AND THEIR INTERESTS

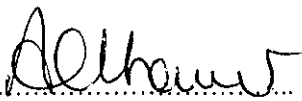
The present membership of the Board is set out on page 1. The directors served throughout the year, except where indicated below. The directors holding office at 31 March 2004 did not hold any beneficial interests in the issued share capital of the company at 1 April 2003 or 31 March 2004. The beneficial interests of the directors in the share capital of the immediate and ultimate parent company (note 20) are shown in the annual report of those companies. None of the directors had an interest in the share capital of the company or any other group undertaking at any time during the year other than as already noted.

Director	Date of appointment	Date of resignation
T Philip	10 July 2003	
K Martin	1 October 2003	
J Palmer		22 April 2004

### POLITICAL AND CHARITABLE DONATIONS

The company made no political or charitable contributions during the year (2003: £nil).

Approved by the Board of Directors and signed on behalf of the Board

.....  ..... 1 October 2004  
Director A HONG Date

# **FOLGATE RISK SOLUTIONS (OXTED) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 31 MARCH 2004**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 as at the end of the financial year 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; 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **FOLGATE RISK SOLUTIONS (OXTED) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 31 MARCH 2004**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FOLGATE RISK SOLUTIONS (OXTED) LIMITED**

We have audited the financial statements of Folgate Risk Solutions (Oxted) Limited for the year from 1 April 2003 to 31 March 2004 which comprise the profit and loss account, the balance sheet, the reconciliation of movement in shareholders' funds and the related notes 1 to 20. These financial statements have been prepared under 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 so that we might state to the company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

#### **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 circumstances of the company, 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 as at 31 March 2004 and of the profit of the company for the year from 1 April 2003 to 31 March 2004 and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

Deloitte & Touche LLP

Chartered Accountants and  
Registered Auditors  
London

*1. October*

2004

# FOLGATE RISK SOLUTIONS (OXTED) LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 March 2004

	Note	From 1 April 2003 to 31 March 2004 £	From 1 March 2002 to 31 March 2003 £
<b>TURNOVER</b>	2	<b>6,207,715</b>	4,957,407
Interest receivable		<u>79,723</u>	<u>94,271</u>
<b>OPERATING REVENUE</b>		<b>6,287,438</b>	5,051,678
Administrative expenses		<b>(4,895,424)</b>	(3,851,540)
Goodwill amortisation	3	<u>(171,340)</u>	<u>(128,008)</u>
<b>OPERATING PROFIT</b>	3	<b>1,220,674</b>	1,072,130
Interest payable and similar charges	6	<u>(62,491)</u>	<u>(98,343)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,158,183</b>	973,787
Tax charge on profit on ordinary activities	7	<u>(421,374)</u>	<u>(406,554)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>736,809</b>	567,233
Dividends		<u>-</u>	<u>-</u>
<b>RETAINED PROFIT FOR YEAR / PERIOD</b>	16	<b><u>736,809</u></b>	<b><u>567,233</u></b>

There are no recognised gains or losses for the current year or prior period other than as stated above. Accordingly, no statement of total recognised gains and losses is given.

All operations derive from the continuing activities of the company in the current year and prior period.

# FOLGATE RISK SOLUTIONS (OXTED) LIMITED

## BALANCE SHEET 31 March 2004

	Note	At 31 March 2004 £	At 31 March 2003 £
<b>FIXED ASSETS</b>			
Intangible fixed assets	8	1,640,690	512,030
Tangible fixed assets	9	338,139	537,227
Investments	10	3,890	3,890
		<u>1,982,719</u>	<u>1,053,147</u>
<b>CURRENT ASSETS</b>			
Debtors	11	5,237,673	4,219,141
Cash at bank and in hand		486,341	799,773
		<u>5,724,014</u>	<u>5,018,914</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(6,050,945)</u>	<u>(4,994,764)</u>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>		<u>(326,931)</u>	<u>24,150</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,655,788</u>	<u>1,077,297</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	(8,652)	(95,257)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	<u>(94,299)</u>	<u>(166,012)</u>
<b>NET ASSETS</b>		<u>1,552,837</u>	<u>816,028</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	42,857	42,857
Share premium account	16	133,565	133,565
Profit and loss account	16	1,376,415	639,606
<b>EQUITY SHAREHOLDERS' FUNDS</b>	16	<u>1,552,837</u>	<u>816,028</u>

These financial statements were approved by the Board of Directors on 1 October 2004.

Signed on behalf of the Board of Directors

.....  
Director A. Hume



# **FOLGATE RISK SOLUTIONS (OXTED) LIMITED**

## **RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

**31 March 2004**

	Note	From 1 April 2003 to 31 March 2004 £	From 1 March 2002 to 31 March 2003 £
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BUT BEFORE GOODWILL AMORTISATION</b>		<b>908,149</b>	<b>695,241</b>
Goodwill amortisation		<u>(171,340)</u>	<u>(128,008)</u>
<b>NET MOVEMENT IN SHAREHOLDERS' FUNDS</b>		<b>736,809</b>	<b>567,233</b>
<b>OPENING EQUITY SHAREHOLDERS' FUNDS</b>	16	<u><b>816,028</b></u>	<u><b>248,795</b></u>
<b>CLOSING EQUITY SHAREHOLDERS' FUNDS</b>	16	<u><u><b>1,552,837</b></u></u>	<u><u><b>816,028</b></u></u>

# FOLGATE RISK SOLUTIONS (OXTED) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2004

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with United Kingdom law and applicable accounting standards. The particular accounting policies adopted are described below.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Basis of reporting

Under Financial Reporting Standard 1 (revised 1996), the company is exempt from the requirement to prepare a cash flow statement, on the grounds that more than 90% of the company's voting rights are controlled by The Folgate Partnership Limited (note 20) which prepares a consolidated cash flow statement.

#### Goodwill

Positive purchased goodwill arising on acquisitions is capitalised and classified as an asset on the balance sheet. The Companies Act 1985 requires positive goodwill to be amortised to nil over its useful economic life. Accordingly, the useful life of positive purchased goodwill acquired before 31 March 2003 has been estimated at five years from 1 March 2002. The company considers that in most cases the goodwill attributable to the acquisitions being made in the current financial year will renew in the normal course of business and, as such, it is appropriate to adopt an estimated useful life in excess of twenty years. Accordingly, the useful life of positive purchased goodwill in the current financial year has been estimated at thirty years. The goodwill is subject to an annual impairment review by reference to the expected future cash flows of the business and written down in value if that review indicates that those future cash flows do not support the carrying value of the goodwill in the balance sheet.

#### Turnover

Turnover represents brokerage and fees for services provided. Brokerage is recognised on the inception or renewal date of a risk, with an element of brokerage deferred to match any significant post placement obligations. Profit or volume based commission, which is received periodically, is recognised when the amount can be measured with reasonable certainty, which is typically the earlier of confirmation of the amount with the relevant provider or receipt of cash.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation which is calculated to write off the cost of such assets over their estimated useful lives.

The principal rates of depreciation are as follows:

Property & leasehold improvements	Life of lease
Furniture & equipment	10-25% straight line
Motor vehicles	25-33% straight line
Computer equipment	25% straight line

#### Leased assets

Assets acquired under finance lease are capitalised in the balance sheet and depreciated over their useful lives and the capital elements of the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### Insurance broking debtors and creditors

Under the provisions of Financial Reporting Standard 5 "Reporting the Substance of Transactions", trade debtors and creditors arising from insurance broking transactions are presented gross.

# FOLGATE RISK SOLUTIONS (OXTED) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2004

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Pension costs

The company's contributions to a defined contribution scheme are charged to the profit and loss account as incurred.

#### Deferred taxation

In accordance with Financial Reporting Standard 19, deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Provisions for liabilities and charges

As required by Financial Reporting Standard 12, provisions for liabilities and charges have been shown gross of any monies recoverable under the group's insurance policies.

### 2. TURNOVER AND SEGMENTAL ANALYSIS

Turnover represents retained brokerage and fees receivable and is derived from continuing activity in the United Kingdom.

### 3. OPERATING PROFIT

	2004 £	2003 £
<b>Operating profit is stated after charging / (crediting):</b>		
Auditors' remuneration for audit	29,850	22,031
Goodwill amortisation (note 8)	171,340	128,008
Depreciation on owned assets	126,516	190,486
Depreciation on assets held under finance lease	59,154	107,894
(Profit) / loss on disposal of fixed assets	(1,215)	1,433
Operating lease rentals - land & buildings	185,419	179,847
Operating lease rentals - other	21,744	23,742

# FOLGATE RISK SOLUTIONS (OXTED) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2004

### 4. DIRECTORS' REMUNERATION

	2004 £	2003 £
<b>Total remuneration of all directors:</b>		
Aggregate emoluments	571,497	600,044
Company pension contributions to money purchase schemes	58,664	78,058
<b>Remuneration of the highest paid director:</b>		
Aggregate emoluments	109,392	110,453
Company pension contributions to money purchase schemes	18,000	29,500

During the year 7 (2003: 6) directors received benefits by way of pension contributions to money purchase schemes.

P Cullum, A Homer, K Maciver and T Philip are employees of the ultimate parent company, The Folgate Partnership Limited. Their emoluments are paid directly by The Folgate Partnership Limited. Accordingly, the above details include no emoluments in respect of the above named directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of The Folgate Partnership Limited.

### 5. STAFF COSTS AND OTHER INFORMATION

	2004 £	2003 £
<b>Staff costs including directors' remuneration:</b>		
Wages and salaries	2,383,227	2,122,802
Social security costs	260,824	213,990
Other pension costs	130,119	129,302
Other related employment costs	28,326	20,802
	<u>2,802,496</u>	<u>2,486,896</u>
<b>Average monthly number of persons employed (including directors):</b>	<u>87</u>	<u>83</u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Bank interest and similar charges	36,431	48,454
Finance lease interest	26,060	49,889
	<u>62,491</u>	<u>98,343</u>

# FOLGATE RISK SOLUTIONS (OXTED) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2004

### 7. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2004 £	2003 £
UK corporation tax	-	113,372
Adjustment in respect of prior periods	(396)	-
Group relief	440,483	255,170
<b>UK corporation tax on profit on ordinary activities for the year</b>	<b>440,087</b>	<b>368,542</b>
Deferred taxation (note 14)	(18,713)	38,012
<b>Tax charge on profit on ordinary activities</b>	<b>421,374</b>	<b>406,554</b>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30%. The actual tax charge for the current year is different from the standard rate for the reasons set out below:

	2004 £	2003 £
<b>Profit on ordinary activities before tax</b>	<b>1,158,183</b>	<b>973,787</b>
Corporation tax on profit on ordinary activities at standard rate (2003: 30%)	347,455	292,136
<b>Factors affecting the charge for the year:</b>		
Expenses not deductible for tax purposes	65,731	46,494
Capital allowances in excess of depreciation	27,662	29,912
Difference between taxable profit and book profit on disposal	(365)	-
Adjustment in respect of prior periods	(396)	-
<b>UK corporation tax on profit on ordinary activities for the year</b>	<b>440,087</b>	<b>368,542</b>

# FOLGATE RISK SOLUTIONS (OXTED) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2004

### 8. INTANGIBLE FIXED ASSETS

	£
<b>Goodwill</b>	
<b>Cost</b>	
At 1 April 2003	1,384,694
Positive goodwill from additions	1,300,000
<b>At 31 March 2004</b>	<b>2,684,694</b>
<b>Accumulated amortisation</b>	
At 1 April 2003	872,664
Charge for the year	171,340
<b>At 31 March 2004</b>	<b>1,044,004</b>
<b>Net book value</b>	
At 1 April 2003	512,030
<b>At 31 March 2004</b>	<b>1,640,690</b>

On 1 April 2003 the company purchased a portfolio of business from Byas Mosley UK Limited for £1,300,000. From the date of acquisition the business acquired has been transacted through the company.

The assets and liabilities acquired in the period are disclosed below:

	Book value £	Fair value adjustment £	Fair value £
<b>Assets and liabilities acquired:</b>			
Intangible fixed assets	1,678,478	(1,678,478)	-
<b>Net assets</b>	<b>1,678,478</b>	<b>(1,678,478)</b>	-
Goodwill arising on acquisition			1,300,000
<b>Total cost of acquisition</b>			<b>1,300,000</b>
<b>Total cost of acquisition comprised:</b>			
Loans from group undertakings			1,300,000

Goodwill in relation to the acquisition of the portfolio from Byas Mosley UK Limited has been capitalised as goodwill in the balance sheet of the company.

Fair value adjustments reflect the zero valuation applied to goodwill in the balance sheets of subsidiaries for the purposes of determining the acquisition price.

# FOLGATE RISK SOLUTIONS (OXTED) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2004

### 9. TANGIBLE FIXED ASSETS

	Property & leasehold improvements £	Motor vehicles £	Furniture & equipment £	Computer equipment £	Total £
<b>Cost</b>					
At 1 April 2003	60,027	217,997	95,362	1,038,942	1,412,328
Additions	-	-	2,084	34,566	36,650
Disposals	-	(118,703)	-	-	(118,703)
<b>At 31 March 2004</b>	<b>60,027</b>	<b>99,294</b>	<b>97,446</b>	<b>1,073,508</b>	<b>1,330,275</b>
<b>Accumulated depreciation</b>					
At 1 April 2003	11,393	78,936	22,796	761,976	875,101
Elimination on disposal	-	(68,635)	-	-	(68,635)
Charge for the year	4,354	28,675	9,686	142,955	185,670
<b>At 31 March 2004</b>	<b>15,747</b>	<b>38,976</b>	<b>32,482</b>	<b>904,931</b>	<b>992,136</b>
<b>Net book value</b>					
At 1 April 2003	48,634	139,061	72,566	276,966	537,227
<b>At 31 March 2004</b>	<b>44,280</b>	<b>60,318</b>	<b>64,964</b>	<b>168,577</b>	<b>338,139</b>

The net book value and depreciation charge in relation to tangible fixed assets held under finance lease is as follows:

	NBV 2004 £	Depreciation 2004 £	NBV 2003 £	Depreciation 2003 £
Motor vehicles	60,318	28,675	139,061	56,384
Furniture & equipment	18,650	3,082	31,873	4,325
Computer equipment	26,514	27,397	86,035	47,185
	<b>105,482</b>	<b>59,154</b>	<b>256,969</b>	<b>107,894</b>

### 10. INVESTMENTS

<b>Unlisted and other investments:</b>	<b>£</b>
Cost at 1 April 2003	3,890
<b>Cost as at 31 March 2004</b>	<b>3,890</b>

# FOLGATE RISK SOLUTIONS (OXTED) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2004

### 11. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR

	2004 £	2003 £
Insurance debtors	3,507,455	3,811,020
Amounts due from fellow subsidiary undertakings	6,410	265,646
Amounts due from parent undertaking	1,325,929	-
Other debtors	105,173	17,370
Corporation tax debtor	396	-
Prepayments and accrued income	292,310	125,105
	<u>5,237,673</u>	<u>4,219,141</u>

### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Other loans and overdrafts	30,446	50,000
Insurance and trade creditors	3,880,970	4,171,240
Amounts owed to fellow subsidiary undertakings	1,748,565	265,070
Obligations under finance leases	69,040	138,837
Corporation tax payable	275	113,372
Other taxes and social security	71,343	114,540
Other creditors and accruals	250,306	141,705
	<u>6,050,945</u>	<u>4,994,764</u>



# FOLGATE RISK SOLUTIONS (OXTED) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2004

### 13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £	2003 £
Other loans	-	12,500
Obligations under finance leases	8,652	82,757
	<u>8,652</u>	<u>95,257</u>

#### Other loans are repayable as follows:

	2004 £	2003 £
Within one year	30,446	50,000
Between two and five years	-	12,500
	<u>30,446</u>	<u>62,500</u>

#### Obligations under finance leases are repayable as follows:

	2004 £	2003 £
Within one year	69,040	138,837
Between two and five years	8,652	82,757
	<u>77,692</u>	<u>221,594</u>

Finance lease creditors are secured on the assets to which they relate.

# FOLGATE RISK SOLUTIONS (OXTED) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2004

### 14. PROVISIONS FOR LIABILITIES AND CHARGES

	£
Deferred tax provision at 1 April 2003	38,012
Charge to profit and loss account in the year	(18,713)
<b>Deferred tax provision at 31 March 2004</b>	<b>19,299</b>
E&O provision at 1 April 2003	128,000
Provision no longer required	(53,000)
<b>E&amp;O provision at 31 March 2004</b>	<b>75,000</b>
Total provision for liabilities and charges at 1 April 2003	166,012
<b>Total provision for liabilities and charges at 31 March 2004</b>	<b>94,299</b>

The deferred tax liability at 31 March 2004 can be further analysed as follows:

	£
Accelerated capital allowances	19,299
<b>Deferred tax provision at 31 March 2004</b>	<b>19,299</b>

The deferred tax provision at 1 April 2003 arises from accelerated capital allowances.

### 15. CALLED UP SHARE CAPITAL

	2004 No. of shares	2004 £	2003 No. of shares	2003 £
<b>Authorised:</b>				
Ordinary shares of £1 each	33,000	33,000	33,000	33,000
Cumulative convertible participating preferred ordinary shares of £1 each	9,857	9,857	9,857	9,857
	<b>42,857</b>	<b>42,857</b>	<b>42,857</b>	<b>42,857</b>
<b>Called up, allotted and fully paid:</b>				
Ordinary shares of £1 each	33,000	33,000	33,000	33,000
Cumulative convertible participating preferred ordinary shares of £1 each	9,857	9,857	9,857	9,857
	<b>42,857</b>	<b>42,857</b>	<b>42,857</b>	<b>42,857</b>

# FOLGATE RISK SOLUTIONS (OXTED) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2004

### 16. RESERVES

	Share capital called up and fully paid £	Share premium account £	Profit and loss reserve £	Equity share- holders' funds £
At 1 April 2003	42,857	133,565	639,606	816,028
Retained profit for the year	-	-	736,809	736,809
<b>At 31 March 2004</b>	<b>42,857</b>	<b>133,565</b>	<b>1,376,415</b>	<b>1,552,837</b>

### 17. POST BALANCE SHEET EVENTS

Since 31 March 2004 there have been no non-adjusting post balance sheet events.

### 18. RELATED PARTY TRANSACTIONS

P Cullum, the Chairman of The Folgate Partnership Limited, has a controlling interest in the Towergate Underwriting Group Limited (Towergate). All transactions between the company and Towergate during the year have been negotiated on an arm's length basis.

Advantage has been taken of the exemption under Financial Reporting Standard 8 not to disclose transactions between entities, 90% or more of whose voting rights are controlled within The Folgate Partnership Limited (note 20).

### 19. FINANCIAL COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	Land & buildings 2004 £	Other 2004 £	Land & buildings 2003 £	Other 2003 £
Operating leases which expire within one year	-	8,008	-	3,715
In two to five years	37,500	20,975	-	18,006
In over five years	156,378	-	181,878	-
	<b>193,878</b>	<b>28,983</b>	<b>181,878</b>	<b>21,721</b>

### 20. PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Duncan Pocock (Holdings) Limited and ultimate parent undertaking and controlling party is The Folgate Partnership Limited, a company incorporated in Great Britain and registered in England and Wales. The Folgate Partnership Limited is the parent of the largest and smallest groups for which group financial statements are prepared and of which the company is a member. Copies of the group financial statements are available from its registered office at Folgate House, 26-28 Pembroke Road, Sevenoaks, Kent TN13 1XR.