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**HALL & CLARKE INSURANCE  
BROKERS PLC**

**FINANCIAL STATEMENTS**

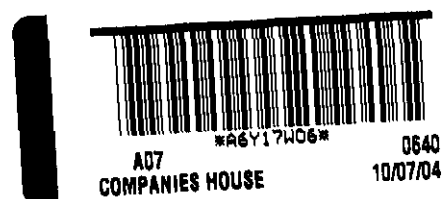
**31 DECEMBER 2003**

**Company Registration Number 892968**

**S W FRANKSON & CO**

Bridge House, Station Road  
Hayes, Middlesex, UB3 4BT  
Telephone - 020 8573 4013  
Fax - 020 8756 0804  
Email - mail@franksons.co.uk

Chartered Accountants & Registered Auditors



**HALL & CLARKE INSURANCE BROKERS PLC**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2003**

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# HALL & CLARKE INSURANCE BROKERS PLC

## THE DIRECTORS' REPORT

### YEAR ENDED 31 DECEMBER 2003

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

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company during the year have continued to be those associated with insurance brokers.

The directors are satisfied with the results of the year's trading.

### 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 recommended the following dividends:

	2003 £	2002 £
Dividends paid on ordinary shares	<u>110,000</u>	<u>150,000</u>

### THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 December 2003	At 1 January 2003
S J Clarke	12,500	12,500
R P Bogart	—	—
T Stemp	—	—

During the year the company purchased and maintained liability insurance for its directors and officers as permitted by Section 310 (3) of the Companies Act 1985.

### POLICY ON THE PAYMENT OF CREDITORS

It is the policy of the company to agree suitable terms and conditions for its business transactions with suppliers. These terms and conditions range from standard written terms to individually drafted contracts. Once such terms are agreed it is the company's policy to fully adhere to them, including payment schedules, provided the supplier has also agreed with terms and conditions.

# HALL & CLARKE INSURANCE BROKERS PLC

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2003

### 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 pages 10 to 11, 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.

### DONATIONS

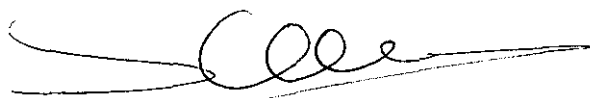
During the year the company made the following contributions:

	2003	2002
	£	£
Charitable	<u>1,600</u>	<u>650</u>

### AUDITORS

A resolution to re-appoint S W Frankson & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985 .

Signed on behalf of the directors



S J Clarke  
Chairman

Approved by the directors on 02/07/2004

# **HALL & CLARKE INSURANCE BROKERS PLC**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS**

**YEAR ENDED 31 DECEMBER 2003**

We have audited the financial statements on pages 5 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 11.

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 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 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 Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

### **BASIS OF AUDIT OPINION**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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


# HALL & CLARKE INSURANCE BROKERS PLC

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 DECEMBER 2003

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

  
S W FRANKSON & CO  
Chartered Accountants  
& Registered Auditors  
Bridge House  
Station Road  
Hayes  
Middlesex  
UB3 4BT

6.7.04  
.....

# HALL & CLARKE INSURANCE BROKERS PLC

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2003

	Note	2003 £	2002 £
<b>TURNOVER</b>	<b>2</b>	<b>5,343,162</b>	4,905,992
Cost of sales		<u>2,038,847</u>	<u>2,100,181</u>
<b>GROSS PROFIT</b>		<b>3,304,315</b>	2,805,811
Administrative expenses		3,155,255	2,580,186
Other operating income		<u>(19,000)</u>	<u>(19,000)</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>168,060</b>	244,625
Interest receivable		79,157	78,081
Interest payable	<b>6</b>	<u>(14,581)</u>	<u>(16,237)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>232,636</b>	306,469
Tax on profit on ordinary activities	<b>7</b>	<u>54,772</u>	<u>100,930</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>177,864</b>	205,539
Dividends	<b>8</b>	<u>110,000</u>	<u>150,000</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<b>67,864</b>	55,539
Balance brought forward		<u>502,963</u>	<u>447,424</u>
Balance carried forward		<u><u>570,827</u></u>	<u><u>502,963</u></u>

### CONTINUING ACTIVITIES

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

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

The notes on pages 10 to 19 form part of these financial statements.


# HALL & CLARKE INSURANCE BROKERS PLC


## BALANCE SHEET

31 DECEMBER 2003

	Note	2003 £	2002 £
<b>FIXED ASSETS</b>			
Intangible assets	9	-	-
Tangible assets	10	675,892	634,075
		<u>675,892</u>	<u>634,075</u>
<b>CURRENT ASSETS</b>			
Debtors	11	3,042,635	2,570,150
Investments	12	12,143	16,190
Cash at bank and in hand		1,695,223	1,683,496
		<u>4,750,001</u>	<u>4,269,836</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	4,571,700	4,101,900
<b>NET CURRENT ASSETS</b>		<u>178,301</u>	<u>167,936</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>854,193</u>	<u>802,011</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	225,138	238,524
		<u>629,055</u>	<u>563,487</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	16	8,228	10,524
		<u>620,827</u>	<u>552,963</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	20	50,000	50,000
Profit and loss account		570,827	502,963
<b>SHAREHOLDERS' FUNDS</b>	21	<u>620,827</u>	<u>552,963</u>

These financial statements were approved by the directors on the 02/07/2004 and are signed on their behalf by:

  
S J CLARKE

  
T STEMP

The notes on pages 10 to 19 form part of these financial statements.



# HALL & CLARKE INSURANCE BROKERS PLC

## CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2003

	2003	2002
	£	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>297,862</b>	<b>601,124</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	79,157	78,081
Interest paid	(14,092)	(15,737)
Interest element of finance leases	(489)	(500)
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>64,576</b>	<b>61,844</b>
<b>TAXATION</b>	<b>(90,406)</b>	<b>(57,598)</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Payments to acquire tangible fixed assets	(136,912)	(50,941)
Receipts from sale of fixed assets	-	14,200
Receipts from loans	4,047	4,048
<b>NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>(132,865)</b>	<b>(32,693)</b>
<b>EQUITY DIVIDENDS PAID</b>	<b>(110,000)</b>	<b>(150,000)</b>
<b>CASH INFLOW BEFORE FINANCING</b>	<b>29,167</b>	<b>422,677</b>
<b>FINANCING</b>		
Repayment of bank loans	(16,510)	(14,850)
Capital element of hire purchase and finance leases	(930)	(3,333)
Repayment of loan	-	(50,000)
<b>NET CASH OUTFLOW FROM FINANCING</b>	<b>(17,440)</b>	<b>(68,183)</b>
<b>INCREASE IN CASH</b>	<b>11,727</b>	<b>354,494</b>

The notes on pages 10 to 19 form part of these financial statements.

# HALL & CLARKE INSURANCE BROKERS PLC

## CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2003

### RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Operating profit	168,060	244,625
Depreciation	101,452	90,939
Loss on disposal of fixed assets	-	796
(Increase)/Decrease in debtors	(472,485)	2,517
Increase in creditors	500,835	262,247
<b>Net cash inflow from operating activities</b>	<b>297,862</b>	<b>601,124</b>

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2003	2002
	£	£
Increase in cash in the period	11,727	354,494
Net cash outflow from bank loans	16,510	14,850
Net cash outflow in respect of hire purchase and finance leases	930	3,333
Net cash outflow from loan	-	50,000
<b>Change in net funds resulting from cash flows</b>	<b>29,167</b>	<b>422,677</b>
Other differences	(6,357)	-
Movement in net funds in the period	<b>22,810</b>	<b>422,677</b>
<b>Net funds at 1 January 2003</b>	<b>1,430,203</b>	<b>1,007,526</b>
<b>Net funds at 31 December 2003</b>	<b>1,453,013</b>	<b>1,430,203</b>

The notes on pages 10 to 19 form part of these financial statements.

# HALL & CLARKE INSURANCE BROKERS PLC

## CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2003

### ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2003 £	Cash flows £	Other changes £	At 31 Dec 2003 £
Net cash:				
Cash in hand and at bank	1,683,496	11,727		1,695,223
Debt:				
Debt due within 1 year	(14,769)	16,510	(17,542)	(15,801)
Debt due after 1 year	(238,524)	-	17,542	(220,982)
Finance lease agreements	-	930	(6,357)	(5,427)
	<u>(253,293)</u>	<u>17,440</u>		<u>(242,210)</u>
 Net funds	 <u>1,430,203</u>	 <u>29,167</u>	 <u>(6,357)</u>	 <u>1,453,013</u>

### MAJOR NON-CASH TRANSACTIONS

During the year the company entered into finance leases in respect of assets with a capital value at the inception of the leases of £6,357 (2002 - Nil).

The notes on pages 10 to 19 form part of these financial statements.

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 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.

#### **Turnover**

Brokerage commission is taken when the insurance policies are initiated/renewed. Life and pension commissions are recognised on a receipt basis. A provision is made in respect of expected clawback on commissions received on indemnity terms, the provision being based on clawback ratios in the previous years.

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - over 10 years

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold premises	2% on cost (excluding land of £136,667)
Leasehold property	25% straight line
Motor vehicles	25% straight line
Office furniture and equipment	25% reducing balance

Computers are depreciated on a 25% straight line basis.

#### **Finance lease agreements**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 1. ACCOUNTING POLICIES *(continued)*

#### **Pension costs**

The company operates a defined contribution pension scheme on behalf of its directors and certain employees. The assets of the scheme are held separately to those of the company in an independently administered fund. Contributions are charged to the profit and loss account in the year in which they are paid.

#### **Deferred taxation**

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

### 2. TURNOVER

The whole of the turnover and profit before taxation is attributable to insurance broking business.

### 3. OPERATING PROFIT

Operating profit is stated after charging:

	2003	2002
	£	£
Depreciation	101,452	90,939
(Profit)/loss on disposal of fixed assets	-	796
Auditors' remuneration		
- as auditors	33,135	25,028
- for other services	16,061	11,324
Operating lease costs:		
Land and buildings	11,956	-

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 3. OPERATING PROFIT *(continued)*

#### Auditors' fees

The fees charged by the auditors can be further analysed under the following headings for services rendered:

	2003	2002
	£	£
Audit	33,135	25,028
Accountancy	5,280	-
Payroll	3,014	2,397
Business consultancy	7,767	6,445
Computer consultancy	-	2,482
	<u>49,196</u>	<u>36,352</u>

### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No.	No.
Average number of staff	<u>94</u>	<u>76</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	2,115,793	1,685,997
Social security costs	233,734	173,435
Staff pension contributions	67,153	63,290
Directors pension contributions	30,350	24,789
	<u>2,447,030</u>	<u>1,947,511</u>

### 5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002
	£	£
Emoluments receivable	805,791	512,088
Value of company pension contributions to money purchase schemes	30,350	24,789
	<u>836,141</u>	<u>536,877</u>

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 5. DIRECTORS' EMOLUMENTS *(continued)*

#### Emoluments of highest paid director:

	2003 £	2002 £
Total emoluments (excluding pension contributions):	601,655	324,868
Value of company pension contributions to money purchase schemes	10,536	9,427
	<u>612,191</u>	<u>334,295</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2003 No.	2002 No.
Money purchase schemes	<u>3</u>	<u>3</u>

### 6. INTEREST PAYABLE

	2003 £	2002 £
Interest payable on bank borrowing	14,092	15,737
Finance charges	489	500
	<u>14,581</u>	<u>16,237</u>

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation Tax based on the results for the year at 30% (2002 - 30%)	57,068	90,406
Total current tax	57,068	90,406
Deferred tax:		
(Decrease)/Increase in deferred tax provision (note 16)		
Capital allowances	1,669	10,524
Other	(3,965)	—
Total deferred tax (note 16)	(2,296)	10,524
Tax on profit on ordinary activities	<u>54,772</u>	<u>100,930</u>

The tax charge is subject to marginal relief.

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>232,636</u>	<u>306,469</u>
Tax on profit on ordinary activities	69,791	91,941
Marginal relief adjustment	(25,590)	(32,086)
Expenses not deductible for tax purposes	12,692	20,505
Capital allowances for period in excess of depreciation	175	10,046
Total current tax (note 7(a))	<u>57,068</u>	<u>90,406</u>

### 8. DIVIDENDS

The following dividends have been paid in respect of the year:

	2003 £	2002 £
Dividend paid on ordinary shares	<u>110,000</u>	<u>150,000</u>

### 9. INTANGIBLE FIXED ASSETS

	Goodwill £
<b>COST</b>	
At 1 January 2003 and 31 December 2003	<u>31,467</u>
<b>AMORTISATION</b>	
At 1 January 2003	<u>31,467</u>
At 31 December 2003	<u>31,467</u>
<b>NET BOOK VALUE</b>	
At 31 December 2003	-
At 31 December 2002	-



# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 10. TANGIBLE FIXED ASSETS

	Freehold premises £	Short leasehold property £	Motor vehicles £	Office furniture and equipment £	Total £
<b>COST</b>					
At 1 January 2003	419,970	-	139,534	489,919	1,049,423
Additions	-	4,955	-	138,314	143,269
Disposals	-	-	(8,925)	-	(8,925)
<b>At 31 December 2003</b>	<b>419,970</b>	<b>4,955</b>	<b>130,609</b>	<b>628,233</b>	<b>1,183,767</b>
<b>DEPRECIATION</b>					
At 1 January 2003	33,996	-	71,579	309,773	415,348
Charge for the year	5,666	206	26,090	69,490	101,452
On disposals	-	-	(8,925)	-	(8,925)
<b>At 31 December 2003</b>	<b>39,662</b>	<b>206</b>	<b>88,744</b>	<b>379,263</b>	<b>507,875</b>
<b>NET BOOK VALUE</b>					
<b>At 31 December 2003</b>	<b>380,308</b>	<b>4,749</b>	<b>41,865</b>	<b>248,970</b>	<b>675,892</b>
At 31 December 2002	385,974	-	67,955	180,146	634,075

#### Finance lease agreements

Included within the net book value of £675,892 is £5,428 (2002 - £Nil) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £929 (2002 - £Nil).

### 11. DEBTORS

	2003 £	2002 £
Trade debtors	2,992,121	2,537,335
Prepayments and accrued income	50,514	32,815
	<b>3,042,635</b>	<b>2,570,150</b>

### 12. INVESTMENTS

	2003 £	2002 £
Other investments	12,143	16,190

Other investments relate to an interest bearing loan to Clark Colour Limited (see the related party note for details). Of the £12,143 (2002 - £16,190) outstanding at the year end £8,095 (2002 - £12,143) is repayable after twelve months.

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2003

#### 13. CREDITORS: Amounts falling due within one year

	2003		2002
	£	£	£
Bank loans and overdrafts		15,801	14,769
Trade creditors		4,188,870	3,849,359
Other creditors including taxation and social security:			
Corporation tax	57,068		90,406
PAYE and social security	294		75
Finance lease agreements	1,271		-
Directors current accounts	170,000		65,000
		<u>228,633</u>	<u>155,481</u>
Accruals and deferred income		138,396	82,291
		<u>4,571,700</u>	<u>4,101,900</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2003	2002
	£	£
Bank loans and overdrafts	15,801	14,769
Finance lease agreements	1,271	-
	<u>17,072</u>	<u>14,769</u>

#### 14. CREDITORS: Amounts falling due after more than one year

	2003	2002
	£	£
Bank loans and overdrafts	220,982	238,524
Other creditors:		
Finance lease agreements	4,156	-
	<u>225,138</u>	<u>238,524</u>

The bank loan is secured by a mortgage on the company's freehold property and a fixed and floating charge on the other assets of the company. The loan is subject to interest at 2.25% over Midland Bank plc's base rate and is repayable by instalments over 20 years as follows:

	2003	2002
	£	£
Amounts due between one and two years	16,789	15,692
Amounts due between two and five years	56,928	53,211
Amounts due after more than five years	147,265	169,621
	<u>220,982</u>	<u>238,524</u>

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2003

#### 14. CREDITORS: Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2003	2002
	£	£
Bank loans and overdrafts	220,982	238,524
Finance lease agreements	4,156	-
	<u>225,138</u>	<u>238,524</u>

#### 15. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	2003	2002
	£	£
Amounts payable within 1 year	1,271	-
Amounts payable between 1 and 2 years	1,271	-
Amounts payable between 3 and 5 years	2,885	-
	<u>5,427</u>	<u>-</u>

#### 16. DEFERRED TAXATION

	2003	2002
	£	£
The movement in the deferred taxation provision during the year was:		
Provision brought forward	10,524	-
Profit and loss account movement arising during the year	(2,296)	10,524
Provision carried forward	<u>8,228</u>	<u>10,524</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003	2002
	£	£
Excess of taxation allowances over depreciation on fixed assets	12,193	10,524
Other timing differences	(3,965)	-
	<u>8,228</u>	<u>10,524</u>

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2003

#### 17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>Land &amp; Buildings</b>	
	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Operating leases which expire:		
Within 2 to 5 years	<u>48,343</u>	<u>-</u>

#### 18. OTHER COMMITMENTS

The company has entered into computer system maintenance agreements which cover a period of four years and are fully expired by 31 March 2008. The present annual commitment under these agreements is £58,070.

#### 19. RELATED PARTY TRANSACTIONS

The company was under the control of Mrs M M Clarke, the majority shareholder, throughout the current year and previous year.

Mrs M M Clarke and Mr S J Clarke are respectively the mother and brother of Mrs C M Clark, a 14.99% shareholder of Hall & Clarke Insurance Brokers Plc who, together with her husband, own and manage Clark Colour Limited. The company has made a loan to Clark Colour Limited repayable by monthly instalments over 10 years. Interest is charged annually in arrears at 2% over Midland Bank plc's base rate. At the year end the balance outstanding was £12,143 (2002 - £16,190).

In addition the company has purchased printing services from Clark Colour Limited amounting to £51,586 (2002 - £38,698) during the year. These transactions were conducted on a normal commercial basis.

#### 20. SHARE CAPITAL

##### Authorised share capital:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

##### Allotted, called up and fully paid:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Ordinary share capital	<u>50,000</u>	<u>50,000</u>

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	177,864	205,539
Dividends	(110,000)	(150,000)
	<u>67,864</u>	<u>55,539</u>
Opening shareholders' equity funds	<u>552,963</u>	<u>497,424</u>
Closing shareholders' equity funds	<u>620,827</u>	<u>552,963</u>