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**HALL & CLARKE INSURANCE  
BROKERS PLC**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2004**

**Company Registration Number 892968**

**S W FRANKSON & CO**

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Chartered Accountants & Registered Auditors



# **HALL & CLARKE INSURANCE BROKERS PLC**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2004**

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# HALL & CLARKE INSURANCE BROKERS PLC

## THE DIRECTORS' REPORT

### YEAR ENDED 31 DECEMBER 2004

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2004.

### 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:

	2004 £	2003 £
Dividends paid on ordinary shares	<u>100,000</u>	<u>110,000</u>

### THE DIRECTORS AND THEIR INTERESTS IN THE 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 2004	At 1 January 2004
S J Clarke	12,500	12,500
R P Bogart	—	—
T Stemp	<u>—</u>	<u>—</u>

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.

### FIXED ASSETS

The directors are aware that the market value of the freehold property is £275,378 in excess of the value shown in the accounts. At this value, the maximum tax liability on disposal would be £42,792.

### 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 2004

### 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:

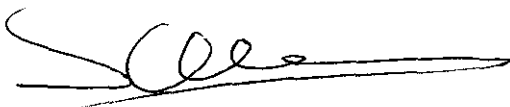
	2004	2003
	£	£
Charitable	<u>1,126</u>	<u>1,600</u>

### 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 8 April 2005

# **HALL & CLARKE INSURANCE BROKERS PLC**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HALL & CLARKE INSURANCE BROKERS PLC**

**YEAR ENDED 31 DECEMBER 2004**

We have audited the financial statements of Hall & Clarke Insurance Brokers PLC for the year ended 31 December 2004 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.

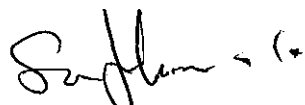
# HALL & CLARKE INSURANCE BROKERS PLC

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HALL & CLARKE INSURANCE BROKERS PLC *(continued)*

YEAR ENDED 31 DECEMBER 2004

### 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 2004 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

8 April 2005

# HALL & CLARKE INSURANCE BROKERS PLC

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2004

	Note	2004 £	2003 £
<b>TURNOVER</b>	<b>2</b>	<b>5,263,698</b>	5,343,162
Cost of sales		<u>1,658,371</u>	<u>2,038,847</u>
<b>GROSS PROFIT</b>		<b>3,605,327</b>	3,304,315
Administrative expenses		<u>2,902,562</u>	3,155,255
Other operating income		<u>(19,000)</u>	<u>(19,000)</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>721,765</b>	168,060
Interest receivable		<u>111,431</u>	79,157
Interest payable and similar charges	<b>6</b>	<u>(15,204)</u>	<u>(14,581)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>817,992</b>	232,636
Tax on profit on ordinary activities	<b>7</b>	<u>241,997</u>	<u>54,772</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>575,995</b>	177,864
Dividends	<b>8</b>	<u>100,000</u>	110,000
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<b>475,995</b>	67,864
Balance brought forward		<u>570,826</u>	<u>502,962</u>
Balance carried forward		<u><b>1,046,821</b></u>	<u><b>570,826</b></u>

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

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 2004

	Note	2004 £	2003 £
<b>FIXED ASSETS</b>			
Intangible assets	9	111,089	-
Tangible assets	10	598,942	675,892
		<u>710,031</u>	<u>675,892</u>
<b>CURRENT ASSETS</b>			
Debtors	11	2,358,959	3,042,635
Investments	12	8,728	12,143
Cash at bank and in hand		2,988,817	1,695,223
		<u>5,356,504</u>	<u>4,750,001</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>4,756,170</u>	<u>4,571,701</u>
<b>NET CURRENT ASSETS</b>		<u>600,334</u>	<u>178,300</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,310,365</u>	<u>854,192</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	<u>208,568</u>	<u>225,138</u>
		<u>1,101,797</u>	<u>629,054</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	16	4,976	8,228
		<u>1,096,821</u>	<u>620,826</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	21	50,000	50,000
Profit and loss account		1,046,821	570,826
<b>SHAREHOLDERS' FUNDS</b>	22	<u>1,096,821</u>	<u>620,826</u>

These financial statements were approved by the directors on the 8 April 2005 and are signed on their behalf by:

S J CLARKE



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 2004

	2004	2003
	£	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>1,525,355</b>	<b>297,862</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	111,431	79,157
Interest paid	(14,713)	(14,092)
Interest element of finance leases	(491)	(489)
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>96,227</b>	<b>64,576</b>
<b>TAXATION</b>	<b>(57,068)</b>	<b>(90,406)</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Payments to acquire intangible fixed assets	(128,449)	-
Payments to acquire tangible fixed assets	(55,657)	(136,912)
Receipts from sale of fixed assets	27,000	-
Receipts from loans	3,415	4,047
<b>NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>(153,691)</b>	<b>(132,865)</b>
<b>EQUITY DIVIDENDS PAID</b>	<b>(100,000)</b>	<b>(110,000)</b>
<b>CASH INFLOW BEFORE FINANCING</b>	<b>1,310,823</b>	<b>29,167</b>
<b>FINANCING</b>		
Repayment of bank loans	(15,958)	(16,510)
Capital element of finance leases	(1,271)	(930)
<b>NET CASH OUTFLOW FROM FINANCING</b>	<b>(17,229)</b>	<b>(17,440)</b>
<b>INCREASE IN CASH</b>	<b>1,293,594</b>	<b>11,727</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 2004

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

	2004	2003
	£	£
Operating profit	721,765	168,060
Amortisation	26,814	-
Depreciation	118,001	101,452
Profit on disposal of fixed assets	(11,303)	-
Decrease/(increase) in debtors	683,676	(472,485)
(Decrease)/increase in creditors	(13,598)	500,835
<b>Net cash inflow from operating activities</b>	<b><u>1,525,355</u></b>	<b><u>297,862</u></b>

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

	2004	2003
	£	£
Increase in cash in the period	1,293,594	11,727
Net cash outflow from bank loans	15,958	16,510
Cash outflow in respect of finance leases	<u>1,271</u>	<u>930</u>
	<b>1,310,823</b>	<b>29,167</b>
<b>Change in net funds</b>	<b>1,310,823</b>	<b>29,167</b>
Other differences	-	(6,357)
<b>Net funds at 1 January 2004</b>	<b><u>1,453,013</u></b>	<b><u>1,430,203</u></b>
<b>Net funds at 31 December 2004</b>	<b><u>2,763,836</u></b>	<b><u>1,453,013</u></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 2004

### ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2004 £	Cash flows £	Other changes £	At 31 Dec 2004 £
Net cash:				
Cash in hand and at bank	<u>1,695,223</u>	<u>1,293,594</u>	<u>-</u>	<u>2,988,817</u>
Debt:				
Debt due within 1 year	(15,801)	15,958	(15,299)	(15,142)
Debt due after 1 year	(220,982)	-	15,299	(205,683)
Finance lease agreements	(5,427)	1,271	-	(4,156)
	<u>(242,210)</u>	<u>17,229</u>	<u>-</u>	<u>(224,981)</u>
Net funds	<u>1,453,013</u>	<u>1,310,823</u>	<u>-</u>	<u>2,763,836</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 £Nil (2003 - £6,357).

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 2004

### 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 3 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.

#### **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.

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

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

#### 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/(crediting):

	2004 £	2003 £
Amortisation	26,814	-
Depreciation	118,001	101,452
(Profit)/loss on disposal of fixed assets	(11,303)	-
Auditors' remuneration		
- as auditors	34,134	33,135
- for other services	14,127	16,061
Operating lease costs:		
Land and buildings	48,343	11,956

#### Auditors' fees

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

	2004 £	2003 £
Audit	34,134	33,135
Accountancy	3,525	5,280
Payroll	4,377	3,014
Business consultancy	6,225	7,767
	48,261	49,196

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2004

#### 4. PARTICULARS OF EMPLOYEES

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

	2004	2003
	No.	No.
Average number of staff	<u>102</u>	<u>94</u>

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	1,822,708	2,115,793
Social security costs	190,923	233,734
Staff pension contributions	69,142	67,153
Directors' pension contributions	29,339	30,350
	<u>2,112,112</u>	<u>2,447,030</u>

#### 5. DIRECTORS' EMOLUMENTS

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

	2004	2003
	£	£
Emoluments receivable	361,652	805,791
Value of company pension contributions to money purchase schemes	29,339	30,350
	<u>390,991</u>	<u>836,141</u>

##### Emoluments of highest paid director:

	2004	2003
	£	£
Total emoluments (excluding pension contributions)	153,070	601,655
Value of company pension contributions to money purchase schemes	12,569	10,536
	<u>165,639</u>	<u>612,191</u>

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

	2004	2003
	No.	No.
Money purchase schemes	<u>3</u>	<u>3</u>

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2004

#### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Interest payable on bank borrowing	14,713	14,092
Finance charges	491	489
	<u>15,204</u>	<u>14,581</u>

#### 7. TAXATION ON ORDINARY ACTIVITIES

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

	2004	2003
	£	£
Current tax:		
In respect of the year:		
UK Corporation Tax based on the results for the year at 30% (2003 - 30%)	245,249	57,068
Total current tax	<u>245,249</u>	<u>57,068</u>
Deferred tax:		
Origination and reversal of timing differences (note 16)		
Capital allowances	(7,217)	1,669
Other	<u>3,965</u>	<u>(3,965)</u>
Total deferred tax (note 16)	<u>(3,252)</u>	<u>(2,296)</u>
Tax on profit on ordinary activities	<u>241,997</u>	<u>54,772</u>

The tax charge is subject to marginal relief.

##### (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% (2003 - 30%).

	2004	2003
	£	£
Profit on ordinary activities before taxation	<u>817,992</u>	<u>232,636</u>
Tax on profit on ordinary activities	245,398	69,791
Marginal relief adjustment	(18,756)	(25,590)
Expenses not deductible for tax purposes	9,128	12,692
Capital allowances for period in excess of depreciation	<u>9,479</u>	<u>175</u>
Total current tax (note 7(a))	<u>245,249</u>	<u>57,068</u>

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

### 8. DIVIDENDS

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

	2004 £	2003 £
Dividend paid on ordinary shares	<u>100,000</u>	<u>110,000</u>

### 9. INTANGIBLE FIXED ASSETS

	Goodwill £
<b>COST</b>	
At 1 January 2004	31,467
Additions	<u>137,903</u>
<b>At 31 December 2004</b>	<u>169,370</u>
<b>AMORTISATION</b>	
At 1 January 2004	31,467
Charge for the year	<u>26,814</u>
<b>At 31 December 2004</b>	<u>58,281</u>
<b>NET BOOK VALUE</b>	
<b>At 31 December 2004</b>	<u>111,089</u>
At 31 December 2003	<u>-</u>

On 1 June 2004 the company acquired the book of cherished car business from Hill House Hammond Limited for £137,903. On assessing the retention rates for this class of business the directors consider it appropriate to amortise the goodwill over three years. Due to the small size of the business in relation to the company's existing business it is not considered necessary to separately disclose the turnover and expenses of the business acquired in the profit and loss account.



# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

### 10. TANGIBLE FIXED ASSETS

	Freehold premises £	Short leasehold property £	Motor vehicles £	Office furniture and equipment £	Total £
<b>COST</b>					
At 1 January 2004	419,970	4,955	130,609	628,233	1,183,767
Additions	-	-	42,603	14,145	56,748
Disposals	-	-	(88,759)	-	(88,759)
<b>At 31 December 2004</b>	<b>419,970</b>	<b>4,955</b>	<b>84,453</b>	<b>642,378</b>	<b>1,151,756</b>
<b>DEPRECIATION</b>					
At 1 January 2004	39,662	206	88,744	379,263	507,875
Charge for the year	5,666	1,239	15,620	95,476	118,001
On disposals	-	-	(73,062)	-	(73,062)
<b>At 31 December 2004</b>	<b>45,328</b>	<b>1,445</b>	<b>31,302</b>	<b>474,739</b>	<b>552,814</b>
<b>NET BOOK VALUE</b>					
<b>At 31 December 2004</b>	<b>374,642</b>	<b>3,510</b>	<b>53,151</b>	<b>167,639</b>	<b>598,942</b>
At 31 December 2003	380,308	4,749	41,865	248,970	675,892

#### Finance lease agreements

Included within the net book value of £598,942 is £4,070 (2003 - £5,428) 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 £1,358 (2003 - £929).

### 11. DEBTORS

	2004 £	2003 £
Trade debtors	2,176,477	2,992,121
Director's current account	100,505	-
Prepayments and accrued income	81,977	50,514
	<b>2,358,959</b>	<b>3,042,635</b>

The director's current account was repaid after the year end.

### 12. INVESTMENTS

	2004 £	2003 £
Other investments	<b>8,728</b>	<b>12,143</b>

Other investments relate to an interest bearing loan to Clark Colour Limited (see note 20). Of the £8,728 (2003 - £12,143) outstanding at the year end £Nil (2003 - £8,095) is repayable after twelve months.

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

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

	2004		2003
	£	£	£
Bank loans and overdrafts		15,142	15,801
Trade creditors		4,386,420	4,188,871
Other creditors including taxation and social security:			
Corporation tax	245,249		57,068
PAYE and social security	1,989		294
Finance lease agreements	1,271		1,271
Director's current account	-		170,000
		<u>248,509</u>	<u>228,633</u>
Accruals and deferred income		106,099	138,396
		<u>4,756,170</u>	<u>4,571,701</u>

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

	2004	2003
	£	£
Bank loans and overdrafts	15,142	15,801
Finance lease agreements	1,271	1,271
	<u>16,413</u>	<u>17,072</u>

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

	2004	2003
	£	£
Bank loans and overdrafts	205,683	220,982
Other creditors:		
Finance lease agreements	2,885	4,156
	<u>208,568</u>	<u>225,138</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 HSBC plc's base rate and is repayable by instalments over 20 years as follows:

	2004	2003
	£	£
Amounts due between one and two years	16,202	16,789
Amounts due between two and five years	55,734	56,928
Amounts due after more than five years	133,747	147,265
	<u>205,683</u>	<u>220,982</u>

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2004

#### 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:

	2004	2003
	£	£
Bank loans and overdrafts	205,683	220,982
Finance lease agreements	2,885	4,156
	<u>208,568</u>	<u>225,138</u>

#### 15. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	2004	2003
	£	£
Amounts payable within 1 year	1,271	1,271
Amounts payable between 1 and 2 years	1,271	1,271
Amounts payable between 3 and 5 years	1,614	2,885
	<u>4,156</u>	<u>5,427</u>
Finance lease agreements are analysed as follows:		
Current obligations	1,271	1,271
Non-current obligations	2,885	4,156
	<u>4,156</u>	<u>5,427</u>

#### 16. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2004	2003
	£	£
Provision brought forward	8,228	10,524
Profit and loss account movement arising during the year	(3,252)	(2,296)
Provision carried forward	<u>4,976</u>	<u>8,228</u>

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

	2004	2003
	£	£
Excess of taxation allowances over depreciation on fixed assets	4,976	12,193
Other timing differences	—	(3,965)
	<u>4,976</u>	<u>8,228</u>

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2004

#### 17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>Land &amp; Buildings</b>	
	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Operating leases which expire:		
Within 2 to 5 years	<u>48,343</u>	<u>48,343</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 £60,387 (2003 - £58,070).

#### 19. TRANSACTIONS WITH THE DIRECTORS

Included in debtors at the year end is a director's current account of £100,505 in respect of S J Clarke. This is the maximum balance outstanding during the year. Interest was charged on a commercial basis until 5 April 2004 amounting to £505. Subsequent to this date the loan was interest free. The current account was repaid after the year end.

#### 20. 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 HSBC plc's base rate amounting to £642 (2003 - £797). At the year end the balance outstanding was £8,728 (2003 - £12,143). Subsequent to the year end it has been agreed that the loan will be repaid within six months.

In addition the company has purchased printing services from Clark Colour Limited amounting to £18,514 (2003 - £51,586). These transactions were conducted on a normal commercial basis.

#### 21. SHARE CAPITAL

##### Authorised share capital:

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

### 21. SHARE CAPITAL *(continued)*

Allotted, called up and fully paid:

	2004 £	2003 £
Ordinary share capital	<u>50,000</u>	<u>50,000</u>

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

	2004 £	2003 £
Profit for the financial year	575,995	177,864
Dividends	<u>(100,000)</u>	<u>(110,000)</u>
	475,995	67,864
Opening shareholders' equity funds	<u>620,826</u>	<u>552,962</u>
Closing shareholders' equity funds	<u>1,096,821</u>	<u>620,826</u>