

**HALL & CLARKE INSURANCE  
BROKERS PLC**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2002**

**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 2002**

<b>CONTENTS</b>	<b>PAGE</b>
The directors' report	<b>1</b>
Independent auditors' report to the shareholders	<b>3</b>
Profit and loss account	<b>5</b>
Balance sheet	<b>6</b>
Cash flow statement	<b>7</b>
Notes to the financial statements	<b>10</b>

# HALL & CLARKE INSURANCE BROKERS PLC

## THE DIRECTORS' REPORT

### YEAR ENDED 31 DECEMBER 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2002.

### 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:

	2002 £	2001 £
Dividends paid on ordinary shares	<u>150,000</u>	<u>110,000</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 2002	At 1 January 2002
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 2002

### 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:

	2002	2001
	£	£
Charitable	<u>650</u>	<u>150</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 30 April 2003

# **HALL & CLARKE INSURANCE BROKERS PLC**

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

**YEAR ENDED 31 DECEMBER 2002**

We have audited the financial statements on pages 5 to 17 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 THE DIRECTORS AND THE AUDITORS**

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

*Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.*

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

### **BASIS OF AUDIT OPINION**

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

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

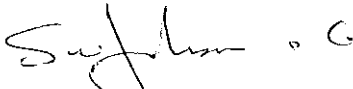
# HALL & CLARKE INSURANCE BROKERS PLC

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

YEAR ENDED 31 DECEMBER 2002

### 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 2002 and of the profit of the company 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

...1.....5..... 20.03

# HALL & CLARKE INSURANCE BROKERS PLC

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
<b>TURNOVER</b>	<b>2</b>	<b>4,905,992</b>	4,454,842
Cost of sales		<u>2,100,182</u>	<u>1,938,953</u>
<b>GROSS PROFIT</b>		<b>2,805,810</b>	2,515,889
Administrative expenses		2,580,185	2,225,884
Other operating income		<u>(19,000)</u>	<u>(18,125)</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>244,625</b>	308,130
Interest receivable		78,081	88,901
Interest payable	<b>6</b>	<u>(16,237)</u>	<u>(21,712)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>306,469</b>	375,319
Tax on profit on ordinary activities	<b>7</b>	<u>100,930</u>	<u>58,228</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>205,539</b>	317,091
Dividends	<b>8</b>	<u>150,000</u>	<u>110,000</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<b>55,539</b>	207,091
Balance brought forward		<u>447,424</u>	<u>240,333</u>
Balance carried forward		<u><b>502,963</b></u>	<u><b>447,424</b></u>

### 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.

### CONTINUING ACTIVITIES

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

The notes on pages 10 to 17 form part of these financial statements.


# HALL & CLARKE INSURANCE BROKERS PLC


## BALANCE SHEET

31 DECEMBER 2002

	Note	2002 £	2001 £
<b>FIXED ASSETS</b>			
Intangible assets	9	-	-
Tangible assets	10	634,075	689,069
		<u>634,075</u>	<u>689,069</u>
<b>CURRENT ASSETS</b>			
Debtors	11	2,570,150	2,572,667
Investments	12	16,190	20,238
Cash at bank and in hand		1,683,496	1,329,002
		<u>4,269,836</u>	<u>3,921,907</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>4,101,900</u>	<u>3,859,250</u>
<b>NET CURRENT ASSETS</b>		<u>167,936</u>	<u>62,657</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>802,011</u>	<u>751,726</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	238,524	254,302
		<u>563,487</u>	<u>497,424</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	16	10,524	-
		<u>552,963</u>	<u>497,424</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	18	50,000	50,000
Profit and Loss Account		502,963	447,424
<b>SHAREHOLDERS' FUNDS</b>	19	<u>552,963</u>	<u>497,424</u>

These financial statements were approved by the directors on the 30.4.2003 and are signed on their behalf by:

  
S J CLARKE

  
T STEMPE

The notes on pages 10 to 17 form part of these financial statements.



# HALL & CLARKE INSURANCE BROKERS PLC

## CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2002

	2002	2001
	£	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>601,124</b>	<b>435,812</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	78,081	88,901
Interest paid	(15,737)	(19,538)
Interest element of hire purchase	(500)	(2,174)
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>61,844</b>	<b>67,189</b>
<b>TAXATION</b>	<b>(57,598)</b>	<b>(56,257)</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Payments to acquire tangible fixed assets	(50,941)	(287,969)
Receipts from sale of fixed assets	14,200	19,200
Receipts from loans	4,048	4,047
<b>NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>(32,693)</b>	<b>(264,722)</b>
<b>EQUITY DIVIDENDS PAID</b>	<b>(150,000)</b>	<b>(110,000)</b>
<b>CASH INFLOW BEFORE FINANCING</b>	<b>422,677</b>	<b>72,022</b>
<b>FINANCING</b>		
Repayment of bank loans	(14,850)	(13,304)
Capital element of hire purchase	(3,333)	(15,943)
Repayment of loan	(50,000)	(50,000)
<b>NET CASH OUTFLOW FROM FINANCING</b>	<b>(68,183)</b>	<b>(79,247)</b>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>354,494</b>	<b>(7,225)</b>

The notes on pages 10 to 17 form part of these financial statements.

# HALL & CLARKE INSURANCE BROKERS PLC

## CASH FLOW STATEMENT *(continued)*

**YEAR ENDED 31 DECEMBER 2002**

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

	2002	2001
	£	£
Operating profit	244,625	308,130
Depreciation	90,939	43,989
Loss on disposal of fixed assets	796	25,371
Decrease/(Increase) in debtors	2,517	(686,377)
Increase in creditors	262,247	744,699
<b>Net cash inflow from operating activities</b>	<b><u>601,124</u></b>	<b><u>435,812</u></b>

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

	2002	2001
	£	£
Increase/(Decrease) in cash in the period	354,494	(7,225)
Net cash outflow from bank loans	14,850	13,304
Net cash outflow in respect of hire purchase	3,333	15,943
Net cash outflow from loan	<u>50,000</u>	<u>50,000</u>
	422,677	72,022
<b>Change in net funds</b>	<b>422,677</b>	<b>72,022</b>
<b>Net funds at 1 January 2002</b>	<b><u>1,007,526</u></b>	<b><u>935,504</u></b>
<b>Net funds at 31 December 2002</b>	<b><u>1,430,203</u></b>	<b><u>1,007,526</u></b>

The notes on pages 10 to 17 form part of these financial statements.

# HALL & CLARKE INSURANCE BROKERS PLC

## CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2002

### ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2002 £	Cash flows £	Other changes £	At 31 Dec 2002 £
Net cash:				
Cash in hand and at bank	<u>1,329,002</u>	<u>354,494</u>		<u>1,683,496</u>
Debt:				
Debt due within 1 year	(63,841)	14,850	(15,778)	(14,769)
Debt due after 1 year	(254,302)	-	15,778	(238,524)
Hire purchase agreements	(3,333)	3,333	-	-
	<u>(321,476)</u>	<u>18,183</u>		<u>(253,293)</u>
 Net funds	 <u>1,007,526</u>	 <u>372,677</u>	 <u>-</u>	 <u>1,430,203</u>

The notes on pages 10 to 17 form part of these financial statements.

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

### 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

#### **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)
Motor vehicles	25% straight line
Office furniture and equipment	25% reducing balance

Computers are depreciated on a 25% straight line basis.

#### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

#### **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.

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

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

#### 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:

	2002	2001
	£	£
Depreciation	90,939	43,989
(Profit)/loss on disposal of fixed assets	796	25,371
Auditors' remuneration		
- as auditors	25,028	22,031
- for other services	11,324	14,793

#### Auditors' fees

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

	2002	2001
	£	£
Audit	25,028	22,031
Payroll	2,397	2,238
Business consultancy	6,445	7,179
Computer consultancy	2,482	5,376
	36,352	36,824

### 4. PARTICULARS OF EMPLOYEES

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

	2002	2001
	No.	No.
Average number of staff	76	71

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2002

#### 4. PARTICULARS OF EMPLOYEES *(continued)*

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	1,685,997	1,458,404
Social security costs	173,435	157,186
Staff pension contributions	63,290	62,080
Directors pension contributions	24,789	19,364
	<u>1,947,511</u>	<u>1,697,034</u>

#### 5. DIRECTORS' EMOLUMENTS

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

	2002	2001
	£	£
Emoluments receivable	512,088	490,394
Value of company pension contributions to money purchase schemes	24,789	19,364
	<u>536,877</u>	<u>509,758</u>

#### Emoluments of highest paid director:

	2002	2001
	£	£
Total emoluments (excluding pension contributions):	324,868	310,702
Value of company pension contributions to money purchase schemes	9,427	6,970
	<u>334,295</u>	<u>317,672</u>

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

	2002	2001
	No.	No.
Money purchase schemes	<u>3</u>	<u>3</u>

#### 6. INTEREST PAYABLE

	2002	2001
	£	£
Interest payable on bank borrowing	15,737	19,538
Finance charges	500	2,174
	<u>16,237</u>	<u>21,712</u>

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### (a) Taxation

	2002 £	2001 £
Current tax:		
In respect of the year:		
UK Corporation Tax based on the results for the year at 30% (2001 - 20%)	90,406	57,598
Underprovision	—	630
Total current tax	90,406	58,228
Deferred tax:		
Increase in deferred tax provision (note 16)		
Capital allowances	10,524	—
Tax on profit on ordinary activities	100,930	58,228

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 higher than the standard rate of corporation tax in the UK of 30% (2001 - 20%).

	2002 £	2001 £
Profit on ordinary activities before taxation	306,469	375,319
Tax on profit on ordinary activities	59,855	75,064
Expenses not deductible for tax purposes	20,505	5,371
Capital allowances for period in excess of depreciation	10,046	(22,837)
Underprovision	—	630
Total current tax (note 7(a))	90,406	58,228

### 8. DIVIDENDS

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

	2002 £	2001 £
Dividend paid on ordinary shares	150,000	110,000

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

### 9. INTANGIBLE FIXED ASSETS

	Goodwill £
<b>COST</b>	
At 1 January 2002 and 31 December 2002	<u>31,467</u>
<b>AMORTISATION</b>	
At 1 January 2002	<u>31,467</u>
At 31 December 2002	<u>31,467</u>
<b>NET BOOK VALUE</b>	
At 31 December 2002	<u>-</u>
At 31 December 2001	<u>-</u>

### 10. TANGIBLE FIXED ASSETS

	Freehold premises £	Motor vehicles £	Office furniture and equipment £	Total £
<b>COST</b>				
At 1 January 2002	419,970	121,928	480,828	1,022,726
Additions	-	41,850	9,091	50,941
Disposals	-	(24,244)	-	(24,244)
At 31 December 2002	<u>419,970</u>	<u>139,534</u>	<u>489,919</u>	<u>1,049,423</u>
<b>DEPRECIATION</b>				
At 1 January 2002	28,330	57,749	247,578	333,657
Charge for the year	5,666	23,078	62,195	90,939
On disposals	-	(9,248)	-	(9,248)
At 31 December 2002	<u>33,996</u>	<u>71,579</u>	<u>309,773</u>	<u>415,348</u>
<b>NET BOOK VALUE</b>				
At 31 December 2002	<u>385,974</u>	<u>67,955</u>	<u>180,146</u>	<u>634,075</u>
At 31 December 2001	<u>391,640</u>	<u>64,179</u>	<u>233,250</u>	<u>689,069</u>

#### Hire purchase agreements

Included within the net book value of £634,075 is £Nil (2001 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £Nil (2001 - £Nil).



# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

### 11. DEBTORS

	2002	2001
	£	£
Trade debtors	2,537,335	2,542,397
Prepayments and accrued income	32,815	30,270
	<u>2,570,150</u>	<u>2,572,667</u>

The debtors above include the following amounts falling due after more than one year:

	2002	2001
	£	£
Prepayments and accrued income	-	160

### 12. INVESTMENTS

	2002	2001
	£	£
Other investments	<u>16,190</u>	<u>20,238</u>

Other investments relate to an interest bearing loan to Clark Colour Limited (see the related party note for details). Of the £16,190 (2001 - £20,238) outstanding at the year end £12,143 (2001 - £16,190) is repayable after twelve months.

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

	2002	2001
	£	£
Bank loans and overdrafts	14,769	13,841
Trade creditors	3,849,359	3,462,769
Other creditors including taxation and social security:		
Corporation tax	90,406	57,598
PAYE and social security	75	80
Hire purchase agreements	-	3,333
Loan	-	50,000
Other creditor	-	47,944
Directors current accounts	<u>65,000</u>	<u>128,000</u>
	155,481	286,955
Accruals and deferred income	<u>82,291</u>	<u>95,685</u>
	<u>4,101,900</u>	<u>3,859,250</u>

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

	2002	2001
	£	£
Bank loans and overdrafts	<u>14,769</u>	<u>13,841</u>

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2002

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

	2002 £	2001 £
Bank loans and overdrafts	<u>238,524</u>	<u>254,302</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:

	2002 £	2001 £
Amounts due between one and two years	15,692	14,706
Amounts due between two and five years	53,211	49,867
Amounts due after more than five years	<u>169,621</u>	<u>189,729</u>
	<u>238,524</u>	<u>254,302</u>

#### 15. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2002 £	2001 £
Amounts payable within 1 year	—	3,333
	<u>—</u>	<u>3,333</u>

#### 16. DEFERRED TAXATION

	2002 £	2001 £
The movement in the deferred taxation provision during the year was:		
Profit and Loss Account movement arising during the year	<u>10,524</u>	—
Provision carried forward	<u>10,524</u>	—

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

	2002		2001	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	<u>10,524</u>	—	—	17,089
	<u>10,524</u>	—	—	<u>17,089</u>

# HALL & CLARKE INSURANCE BROKERS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

### 17. RELATED PARTY TRANSACTIONS

The company was under the control of Mrs M M Clarke, the majority shareholder, throughout the current year and from 6 February in the 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 £16,190 (2001 - £20,238).

In addition the company has purchased printing services from Clark Colour Limited amounting to £38,698 (2001 - £33,194) during the year. These transactions were conducted on a normal commercial basis.

### 18. SHARE CAPITAL

#### Authorised share capital:

	2002 £	2001 £
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

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

	2002 £	2001 £
Ordinary share capital	<u>50,000</u>	<u>50,000</u>

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

	2002 £	2001 £
Profit for the financial year	205,539	317,091
Dividends	(150,000)	(110,000)
	<u>55,539</u>	<u>207,091</u>
Opening shareholders' equity funds	<u>497,424</u>	<u>290,333</u>
Closing shareholders' equity funds	<u>552,963</u>	<u>497,424</u>