

Reg Copy

**HALL & CLARKE INSURANCE
BROKERS PLC
FINANCIAL STATEMENTS
31 DECEMBER 2001**

Company Registration Number 892968



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Chartered Accountants & Registered Auditors

HALL & CLARKE INSURANCE BROKERS PLC

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

CONTENTS	PAGE
The directors' report	1
Independent auditors' report to the shareholders	3
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	10
The following pages do not form part of the financial statements	
Detailed profit and loss account	18

HALL & CLARKE INSURANCE BROKERS PLC

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2001

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2001.

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:

	2001 £	2000 £
Dividends paid on ordinary shares	<u>110,000</u>	<u>90,000</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 2001	At 1 January 2001
D J Clarke	-	49,995
S J Clarke	12,500	-
R P Bogart	-	-
T Stemp	-	-

D J Clarke passed away on 6 February 2001.

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 2001

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 page 10, 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:

	2001	2000
	£	£
Charitable	<u>150</u>	<u>1,100</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 on13-6.....20.02

HALL & CLARKE INSURANCE BROKERS PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2001

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 page 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility 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.

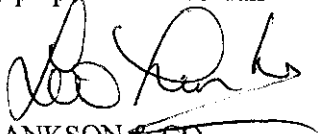
HALL & CLARKE INSURANCE BROKERS PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS (CONTINUED)

YEAR ENDED 31 DECEMBER 2001

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 2001 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

.....14/6/2002

HALL & CLARKE INSURANCE BROKERS PLC

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2001

	Note	2001 £	2000 £
TURNOVER	2	4,454,842	3,647,882
Cost of sales		<u>1,938,953</u>	<u>1,640,759</u>
GROSS PROFIT		2,515,889	2,007,123
Administrative expenses		<u>2,225,884</u>	<u>1,847,841</u>
Other operating income		<u>18,125</u>	<u>17,250</u>
OPERATING PROFIT	3	308,130	176,532
Interest receivable		<u>88,901</u>	<u>95,008</u>
Amounts written off investments	6	-	(3,630)
Interest payable	7	<u>(21,712)</u>	<u>(32,913)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		375,319	234,997
Tax on profit on ordinary activities	8	<u>58,228</u>	<u>56,300</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		317,091	178,697
Dividends	9	<u>110,000</u>	<u>90,000</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		207,091	88,697
Balance brought forward		<u>240,333</u>	<u>151,636</u>
Balance carried forward		<u>447,424</u>	<u>240,333</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 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Intangible assets	10	-	-
Tangible assets	11	689,069	489,660
		<u>689,069</u>	<u>489,660</u>
CURRENT ASSETS			
Debtors	12	2,572,667	1,886,290
Investments	13	20,238	24,285
Cash at bank and in hand		1,329,002	1,385,475
		<u>3,921,907</u>	<u>3,296,050</u>
CREDITORS: Amounts falling due within one year	14	<u>(3,859,250)</u>	<u>(3,168,681)</u>
NET CURRENT ASSETS		<u>62,657</u>	<u>127,369</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>751,726</u>	<u>617,029</u>
CREDITORS: Amounts falling due after more than one year	15	<u>(254,302)</u>	<u>(326,696)</u>
		<u>497,424</u>	<u>290,333</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	50,000	50,000
Profit and Loss Account		447,424	240,333
SHAREHOLDERS' FUNDS	20	<u>497,424</u>	<u>290,333</u>

These financial statements were approved by the directors on the 13th June 2002 and are signed on their behalf by:



S J CLARKE



T STEMP

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 2001

	2001		2000
	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		435,812	512,946
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	88,901		95,008
Interest paid	(19,538)		(30,490)
Interest element of hire purchase	(2,174)		(2,423)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		67,189	62,095
TAXATION		(56,257)	(30,982)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets	(287,969)		(47,071)
Receipts from sale of fixed assets	19,200		8,000
Receipts from loans	4,047		4,047
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(264,722)	(35,024)
EQUITY DIVIDENDS PAID		(110,000)	(130,000)
CASH INFLOW BEFORE FINANCING		72,022	379,035
FINANCING			
Repayment of bank loans	(13,304)		(6,985)
Capital element of hire purchase	(15,943)		(17,924)
Repayment of loan	(50,000)		-
NET CASH OUTFLOW FROM FINANCING		(79,247)	(24,909)
(DECREASE)/INCREASE IN CASH		(7,225)	354,126

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 2001

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 £	2000 £
Operating profit	308,130	176,532
Depreciation	43,989	60,040
Loss on disposal of fixed assets	25,371	28
Increase in debtors	(686,377)	(501,120)
Increase in creditors	744,699	777,466
Net cash inflow from operating activities	<u>435,812</u>	<u>512,946</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2001 £	2000 £
(Decrease)/Increase in cash in the period	(7,225)	354,126
Net cash outflow from bank loans	13,304	6,985
Net cash outflow in respect of hire purchase	15,943	17,924
Net cash outflow from loan	<u>50,000</u>	<u>-</u>
	<u>72,022</u>	<u>379,035</u>
Change in net funds	72,022	379,035
Net funds at 1 January 2001	<u>935,504</u>	<u>556,469</u>
Net funds at 31 December 2001	<u>1,007,526</u>	<u>935,504</u>

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 2001

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2001 £	Cash flows £	Other changes £	At 31 Dec 2001 £
Net cash:				
Cash in hand and at bank	1,385,475	(56,473)		1,329,002
Overdrafts	(49,248)	49,248		-
	<u>1,336,227</u>	<u>(7,225)</u>		<u>1,329,002</u>
Debt:				
Debt due within 1 year	(58,084)	63,304	(69,061)	(63,841)
Debt due after 1 year	(323,363)	-	69,061	(254,302)
Hire purchase agreements	(19,276)	15,943	-	(3,333)
	<u>(400,723)</u>	<u>79,247</u>		<u>(321,476)</u>
Net funds	<u>935,504</u>	<u>72,022</u>	<u>-</u>	<u>1,007,526</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 2001

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

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

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.

HALL & CLARKE INSURANCE BROKERS PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

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:

	2001	2000
	£	£
Depreciation	43,989	60,040
(Profit)/loss on disposal of fixed assets	25,371	28
Auditors' remuneration		
- as auditors	22,031	18,976
- for other services	14,793	10,228

Auditors' fees

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

	2001	2000
	£	£
Audit	22,031	18,976
Payroll	2,238	1,974
Business consultancy	7,179	6,756
Computer consultancy	5,376	1,498
	36,824	29,204

4. PARTICULARS OF EMPLOYEES

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

	2001	2000
	No.	No.
Average number of staff	71	64

The aggregate payroll costs of the above were:

	2001	2000
	£	£
Wages and salaries	1,458,404	1,203,262
Social security costs	157,186	116,288
Staff pension contributions	62,080	48,734
Other pension costs	19,364	25,423
	1,697,034	1,393,707

HALL & CLARKE INSURANCE BROKERS PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

5. DIRECTORS' EMOLUMENTS

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

	2001 £	2000 £
Emoluments receivable	490,394	336,967
Value of company pension contributions to money purchase schemes	19,364	25,423
	<u>509,758</u>	<u>362,390</u>

Emoluments of highest paid director:

	2001 £	2000 £
Total emoluments (excluding pension contributions):	310,702	121,633
Value of company pension contributions to money purchase schemes	6,970	4,000
	<u>317,672</u>	<u>125,633</u>

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

	2001 No.	2000 No.
Money purchase schemes	<u>3</u>	<u>5</u>

6. AMOUNTS WRITTEN OFF INVESTMENTS

	2001 £	2000 £
Investment written off	<u>-</u>	<u>3,630</u>

7. INTEREST PAYABLE

	2001 £	2000 £
Interest payable on bank borrowing	19,538	23,057
Finance charges	2,174	2,423
Other similar charges payable	-	7,433
	<u>21,712</u>	<u>32,913</u>

HALL & CLARKE INSURANCE BROKERS PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
In respect of the year:		
Corporation Tax based on the results for the year at 20% (2000 - 20%)	57,598	55,673
Adjustment in respect of previous years:		
Corporation Tax	630	627
	<u>58,228</u>	<u>56,300</u>

9. DIVIDENDS

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

	2001 £	2000 £
Dividend paid on ordinary shares	<u>110,000</u>	<u>90,000</u>

10. INTANGIBLE FIXED ASSETS

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

HALL & CLARKE INSURANCE BROKERS PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

11. TANGIBLE FIXED ASSETS

	Freehold premises £	Motor vehicles £	Office furniture and equipment £	Total £
COST				
At 1 January 2001	419,970	170,096	259,383	849,449
Additions	-	66,524	221,445	287,969
Disposals	-	(114,692)	-	(114,692)
At 31 December 2001	419,970	121,928	480,828	1,022,726
DEPRECIATION				
At 1 January 2001	22,664	104,523	232,602	359,789
Charge for the year	5,666	23,347	14,976	43,989
On disposals	-	(70,121)	-	(70,121)
At 31 December 2001	28,330	57,749	247,578	333,657
NET BOOK VALUE				
At 31 December 2001	391,640	64,179	233,250	689,069
At 31 December 2000	397,306	65,573	26,781	489,660

Hire purchase agreements

Included within the net book value of £689,069 is £Nil (2000 - £27,404) 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 (2000 - £16,983).

12. DEBTORS

	2001 £	2000 £
Trade debtors	2,542,397	1,847,852
Prepayments and accrued income	30,270	38,438
	2,572,667	1,886,290

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

	2001 £	2000 £
Prepayments and accrued income	160	1,660

HALL & CLARKE INSURANCE BROKERS PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

13. INVESTMENTS

	2001	2000
	£	£
Other investments	<u>20,238</u>	<u>24,285</u>

Other investments relate to an interest bearing loan to Clark Colour Limited (see the related party note for details). Of the £20,238 (2000 - £24,285) outstanding at the year end £16,190 (2000 - £20,238) is repayable after twelve months.

14. CREDITORS: Amounts falling due within one year

	2001	2000
	£	£
Bank loans and overdrafts	13,841	57,332
Trade creditors	3,462,769	2,860,175
Other creditors including taxation and social security:		
Corporation tax	57,598	55,627
PAYE and social security	80	32,106
Hire purchase agreements	3,333	15,943
Loan	50,000	50,000
Other creditor	47,944	-
Directors current accounts	<u>128,000</u>	<u>44,315</u>
	286,955	197,991
Accruals and deferred income	95,685	53,183
	<u>3,859,250</u>	<u>3,168,681</u>

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

	2001	2000
	£	£
Bank loans and overdrafts	<u>13,841</u>	<u>8,084</u>

HALL & CLARKE INSURANCE BROKERS PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

15. CREDITORS: Amounts falling due after more than one year

	2001		2000	
	£	£	£	£
Bank loans and overdrafts		254,302		273,363
Other creditors including:				
Hire purchase agreements	-		3,333	
Loan	-		50,000	
		-		53,333
		<u>254,302</u>		<u>326,696</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:

	2001		2000	
	£	£	£	£
Amounts due between one and two years		14,706		8,731
Amounts due between two and five years		49,867		30,612
Amounts due after more than five years		189,729		234,020
		<u>254,302</u>		<u>273,363</u>

16. DEFERRED TAXATION

No provision has been made in the accounts and the amounts unprovided at the end of the year are as follows:

	2001	2000
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>17,089</u>	-

17. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2001	2000
	£	£
Amounts payable within 1 year	3,333	15,943
Amounts payable between 2 to 5 years	-	3,333
	<u>3,333</u>	<u>19,276</u>

HALL & CLARKE INSURANCE BROKERS PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

18. RELATED PARTY TRANSACTIONS

The company was under the control of Mr D J Clarke throughout the previous year and up to the date of his death on 6 February 2001. Mr D J Clarke was the chairman and majority shareholder. From 6 February 2001 the company was under the control of Mrs M M Clarke, the majority shareholder.

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 £20,238 (2000 - £24,285).

In addition the company has purchased printing services from Clark Colour Limited amounting to £33,194(2000 - £44,875) during the year. These transactions were conducted on a normal commercial basis.

19. SHARE CAPITAL

Authorised share capital:

	2001 £	2000 £
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2001 £	2000 £
Ordinary share capital	<u>50,000</u>	<u>50,000</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	317,091	178,697
Dividends	<u>(110,000)</u>	<u>(90,000)</u>
	207,091	88,697
Opening shareholders' equity funds	<u>290,333</u>	<u>201,636</u>
Closing shareholders' equity funds	<u>497,424</u>	<u>290,333</u>