

SMART & COOK LIMITED
REPORT AND FINANCIAL STATEMENTS

30 APRIL 2003

(Company Registration Number: 00931954)



SMART & COOK LIMITED

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SMART & COOK LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

30 APRIL 2003

DIRECTORS

Mr. G G Cook, FCII	(Chairman)
Mr. K Popplewell, FCII	(Managing)
Mr. P C Meehan, FCII	
Mr. I L Shay, ACA	
Mr. G Brain, FCII	
Mr. P C Castle, ACII	
Mr. M I Gilroy, ACII, ACILA	
Mr. J M Duncalf, ACII	
Mr. A R Johnson, ACII	
Mr. D H Parry, ACII	
Mr. N Thornton, ACII	
Mr. M J Sugden, ACII	
Mrs. K H Andrews, FCII	
Mr. I L Grasby, ACII	
Mr. K Holmes, ACII	
Mr. B Riley, ACII	
Mr. D W James, ACII	
Mr. S L North, ACII	
Mr. M T Hosdell, FCII	(Appointed 1 September 2002)
Mr. I Dale, ACII	(Appointed 22 November 2002)
Mr. R J Darbyshire, ACII	(Appointed 2 December 2002)
Mr. P Chapman, ACII	(Appointed 1 February 2003)
Mr. A C Tickner, FCII, AIRM	(Appointed 1 April 2003)
Mr. J R Greenway MP	(Non-executive)

SECRETARY

Mr. I L Shay, ACA

REGISTERED OFFICE

4-6 Ripon Road
Harrogate
HG1 2HH

BANKERS

The Royal Bank of Scotland
7 Cambridge Crescent
Harrogate
HG1 1PH

SOLICITORS

Pinsents
1 Park Row
Leeds
LS1 5AB

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Leeds

SMART & COOK LIMITED

DIRECTORS REPORT

30 APRIL 2003

The directors present their annual report and the audited financial statements for the year ended 30 April 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of insurance brokers and consultants.

REVIEW OF BUSINESS

The Company has traded satisfactorily during the year.

FUTURE PROSPECTS

The directors are optimistic about the long term prospects for continued growth.

PROFITS AND DIVIDENDS

The profit for the year after taxation amounted to £1,174,447 (2002: £843,330).

Dividends paid during the year amounted to £2,650,000 (2002: £550,000) leaving a retained loss of £1,475,553 (2002: profit £293,330) to be transferred to reserves.

ACQUISITIONS

During the year several acquisitions were made, the main ones being: 100% of the issued share capital of Castlegate Insurance Brokers Limited, the insurance broking business of A N Insurance Brokers and the insurance broking business of Oughtred and Harrison (Insurance) Limited.

Further details of the acquisitions are given in notes 7 and 9 to the accounts.

FIXED ASSETS

Movements in fixed assets are set out in notes 7 to 9 to the accounts.

MARKET VALUE OF FREEHOLD PROPERTY

The following freehold properties have been valued on a vacant possession basis, by independent valuers, as follows:

<u>Property Location</u>	<u>Net Book Value in Financial Statements</u>	<u>Date Valued</u>	<u>Valuation</u>	<u>Valuer</u>
Harrogate	439,248	2 Dec 2002	700,000	Carter Jonas
Grimsby	297,494	14 Mar 2003	390,000	Scotts
Stockton on Tees	148,750	26 Aug 1988	150,000	Storey Sons & Parker
	<u>£ 885,492</u>		<u>£ 1,240,000</u>	

As stated in the Accounting Policies, the adoption of historic cost valuations under Financial Reporting Standard 15 means that the above valuations have not been reflected in these Financial Statements. The directors are of the opinion that a realistic market value of the freehold property should be available to enable a fuller understanding of the company's freehold assets.

SMART & COOK LIMITED

DIRECTORS REPORT CONTINUED

30 APRIL 2003

DIRECTORS

The directors who have served at any time since 1 May 2002 are shown on page 1.

Directors & Officers insurance has been maintained throughout the year.

DIRECTORS' INTERESTS

The directors of the company, their spouses, and children under 18 years of age, had no interests in the company at any time during the year. The interests of Mr. Cook, Mr. Meehan and Mr. Shay in the shares of the ultimate parent company are shown in that company's accounts. None of the other directors, apart from those noted below, had interests in the shares of the ultimate parent company or any other group company.

Options in Thornton Grove (Holdings) Limited:


	At <u>1 May 2002</u>	Granted <u>in the Year</u>	At 30 <u>April 2003</u>	Exercise <u>Price</u>	Date from which <u>Exerciseable</u>	<u>Expiry Date</u>
Mr. G Brain	2,902	-	2,902	£6.89	03/04/2004	02/04/2011
Mr. P C Castle	2,902	-	2,902	£6.89	03/04/2004	02/04/2011
Mr. J M Duncalf	2,902	-	2,902	£6.89	03/04/2004	02/04/2011
Mr. K Popplewell	2,177	-	2,177	£6.89	16/05/2004	15/05/2011
Mr. K Popplewell	-	366	366	£13.64	31/07/2006	30/07/2013
Mr. M I Gilroy	2,177	-	2,177	£6.89	16/05/2004	15/05/2011
Mr. A R Johnson	608	-	608	£8.22	26/03/2005	25/03/2012
Mr. M J Sugden	608	-	608	£8.22	26/03/2005	25/03/2012
Mr. N Thornton	608	-	608	£8.22	26/03/2005	25/03/2012
Mr. I Grasby	-	366	366	£13.64	31/07/2006	30/07/2013
Mrs. K H Andrews	-	366	366	£13.64	31/07/2006	30/07/2013
Mr. D H Parry	-	366	366	£13.64	31/07/2006	30/07/2013
Mr. D W James	-	366	366	£13.64	31/07/2006	30/07/2013
Mr. K A Holmes	-	366	366	£13.64	31/07/2006	30/07/2013
	<u>14,884</u>	<u>2,196</u>	<u>17,080</u>			

The above options are held under the 2001 Thornton Grove (Holdings) Limited Unapproved Share Option Scheme the terms of which grant options at nil cost. No options lapsed during the year.

AUDITORS

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the companies Act 1989. The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

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



Mr. I L Shay
Secretary

SMART & COOK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

30 APRIL 2003

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SMART & COOK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMART & COOK LIMITED

We have audited the financial statements of Smart & Cook Limited for the year ended 30 April 2003 which comprise the profit and loss account, the note of historical cost profit and losses, the balance sheet, the statement of total recognised gains and losses, the statement of accounting policies and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Leeds

25 September 2003

SMART & COOK LIMITED

PROFIT & LOSS ACCOUNT

30 APRIL 2003

	Note	2003 £	2002 £
TURNOVER: continuing operations	1	8,232,824	6,223,596
Administrative Expenses		(6,510,866)	(4,940,257)
Operating Profit: continuing operations	2,3	<u>1,721,958</u>	<u>1,283,339</u>
Interest Receivable and Similar Income		72,652	83,304
Interest Payable and Similar Charges	4	(63,181)	(60,247)
Profit on Ordinary Activities Before Taxation		<u>1,731,429</u>	<u>1,306,396</u>
Tax on Profit on Ordinary Activities	5	(556,982)	(463,066)
Profit on Ordinary Activities after Taxation for the Financial Year		<u>1,174,447</u>	<u>843,330</u>
Dividends	6	(2,650,000)	(550,000)
Retained (Loss)/Profit for the Year	16	<u><u>(1,475,553)</u></u>	<u><u>293,330</u></u>

NOTE OF HISTORICAL COST PROFIT AND LOSSES

	2003 £	2002 £
Profit on ordinary activities before taxation	1,731,429	1,306,396
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	4,069	4,069
Historical cost profit on ordinary activities before taxation	<u>1,735,498</u>	<u>1,310,465</u>
Historical cost profit for the year retained after taxation and dividends	<u><u>(1,471,484)</u></u>	<u><u>297,399</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses for the current financial year and preceding financial year other than as stated in the profit and loss account.

SMART & COOK LIMITED

BALANCE SHEET

30 APRIL 2003

	Note	2003 £	2002 £
Fixed Assets			
Intangible Assets	7	3,313,266	1,486,751
Tangible Assets	8	2,122,881	1,826,929
Investments	9	431,493	5,189
		<u>5,867,640</u>	<u>3,318,869</u>
Current Assets			
Debtors	10	15,379,812	10,483,118
Cash at Bank and in Hand	11	2,333,174	764,477
		<u>17,712,986</u>	<u>11,247,595</u>
Creditors: amounts falling due within one year	12	20,707,014	10,862,515
Net Current (Liabilities)/Assets		<u>(2,994,028)</u>	<u>385,080</u>
Total Assets Less Current Liabilities		2,873,612	3,703,949
Creditors: amounts falling due after more than one year	13	2,562,791	1,914,558
Provisions for Liabilities & Charges	14	63,677	66,694
Total Net Assets		<u><u>247,144</u></u>	<u><u>1,722,697</u></u>
Capital & Reserves			
Called-up Share Capital	15	500	500
Revaluation Reserve	16	187,146	191,215
Profit and Loss Account	16	59,498	1,530,982
Total Equity Shareholders' Funds	17	<u><u>247,144</u></u>	<u><u>1,722,697</u></u>

These financial statements were approved by the Board of Directors on 24 September 2003.
Signed on behalf of the Board of Directors


Mr. G. G. Cook
Director

SMART & COOK LIMITED

ACCOUNTING POLICIES

30 APRIL 2003

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been consistently applied in the current and preceding year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold properties.

Intangible fixed assets

Goodwill arising on acquisition is capitalised in the balance sheet at cost less any provision for impairment, and is amortised through the profit and loss account in equal instalments over twenty years being the period over which benefit is expected to be derived.

Tangible fixed assets

The company's policy is to carry all assets at historical cost except for Freehold Property which has been included in the balance sheet at a valuation existing on 30 April 2000 when the company implemented 'FRS 15 - Measurement of Tangible Fixed Assets' for the first time.

Depreciation on fixed assets has been provided as follows:

Freehold property	2% Straight line basis
Leasehold property	over the term of the lease
Computer equipment	20% Straight line basis
Fixtures, fittings and office equipment	15% Reducing balance basis
Motor vehicles	25% Reducing balance basis

Contributions to pension scheme

The group operates a self administered pension scheme for certain directors which is non-contributory and is not contracted out of the State scheme. The scheme is a defined contribution scheme the cost of which is charged against the profits of the company in the year in which the expenditure is incurred. The group also arranges on behalf of the directors and other employees, on a defined contribution basis, a contributory pension scheme, the net cost of which is charged against the profits of the company in the year in which the expenditure is incurred.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

Operating leases

Rentals in respect of operating leases are charged to the profit & loss account in equal annual amounts over the lease term.

SMART & COOK LIMITED

ACCOUNTING POLICIES CONTINUED

30 APRIL 2003

Hire purchase contracts

Assets held under hire purchase contracts are capitalised at their fair value on the inception of the contract and depreciated over their estimated useful lives. The finance charges are allocated over the period of the contract in proportion to the capital amount outstanding.

Turnover

Turnover represents commissions and fees earned in the period net of discounts and allowances and is accounted for as earned when invoiced. Charges made to clients taking advantage of instalment credit facilities are recognised when made.

Investments

Investments are stated at cost less provision for impairment in value.

Claims servicing costs

Claims servicing costs are expensed in the period incurred.

Insurance broking assets and liabilities

The company acts as an agent in broking the insurable risks for its clients and, generally, is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the company's legal relationship with clients and underwriters and since in practice premium and claim monies are usually accounted for by insurance intermediaries, it has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the company itself.

Cash flow statement

During the accounting period, the company was a subsidiary of Smart & Cook Group Limited. As a result, the company's cash flows will be included in the consolidated cash flow statement of Smart & Cook Group Limited and under FRS 1 - Cash Flow Statements (revised 1996), the company is exempt from publishing its own cash flow statement.

SMART & COOK LIMITED

NOTES TO THE ACCOUNTS

30 APRIL 2003

1. TURNOVER

There are no segments of the business which are substantially different from each other. Turnover is wholly attributable to operations within the UK.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2003 £	2002 £
Directors' remuneration		
Emoluments inclusive of benefits in kind	1,364,881	1,266,112
Pension contributions	68,102	66,115
	<u>1,432,983</u>	<u>1,332,227</u>
Emoluments of highest paid director	<u>111,915</u>	<u>125,502</u>
Pension contributions of highest paid director	<u>22,000</u>	<u>21,000</u>
	No	No
The number of directors for whom the company has made pension contributions:		
Self administered pension scheme	<u>1</u>	<u>1</u>
Defined contribution scheme	<u>21</u>	<u>15</u>
Average number of persons employed	<u>196</u>	<u>155</u>
	2003 £	2002 £
Staff costs during the year (including directors, excluding benefits in kind)		
Wages and salaries	3,826,372	2,998,766
Social security costs	344,906	289,521
Pension costs	123,205	133,912
	<u>4,294,483</u>	<u>3,422,199</u>

3. OPERATING PROFIT

	2003 £	2002 £
Operating profit is stated after charging:		
Depreciation - Owned Assets	193,519	207,941
- Leased and Hire Purchase Assets	81,224	76,139
Loss on Disposal of Fixed Assets	25,002	24,934
Amortisation of Goodwill	212,299	110,303
Operating Lease Rentals - Land & Buildings	148,248	113,191
- Other	2,870	5,198
Auditors' Remuneration	<u>17,221</u>	<u>12,904</u>

SMART & COOK LIMITED

NOTES TO THE ACCOUNTS CONTINUED

30 APRIL 2003

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Bank loans, overdrafts and other loans repayable wholly within five years	26,757	20,365
Bank loans, overdrafts and other loans repayable after more than five years	12,184	16,416
Hire purchase contracts	24,240	23,466
	<u>63,181</u>	<u>60,247</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £	2002 £
UK Tax based on the Profit for the Year	555,994	426,699
Under/(Over) Provision in Previous Years	<u>4,005</u>	<u>(30,327)</u>
	559,999	396,372
Deferred Tax - timing differences	(3,017)	3,157
- adjustment in respect of prior years	-	63,537
	<u>556,982</u>	<u>463,066</u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2002: 30%). The current tax charge for the year exceeds 30% (2002: less than 30%) for the reasons set out in the following reconciliation:

Profit on ordinary activities before tax	<u>1,731,429</u>	<u>1,306,396</u>
Tax on profit on ordinary activities at standard rate	519,429	391,919
Factors affecting charge:		
Disallowable expenses	69,975	38,897
Group relief given free of charge	(33,217)	(960)
Capital allowances in excess of depreciation	(193)	(3,157)
Prior year adjustment	4,005	(30,327)
Current tax charge for the year	<u>559,999</u>	<u>396,372</u>

6. DIVIDENDS

	2003 £	2002 £
Final Paid - £5,300 (2002: - £1,100) per Ordinary Share	<u>2,650,000</u>	<u>550,000</u>

SMART & COOK LIMITED

NOTES TO THE ACCOUNTS CONTINUED

30 APRIL 2003

7. INTANGIBLE ASSETS

	Goodwill £
Cost	
At 1 May 2002	1,920,066
Additions	1,400,867
Adjustments	12,141
Transfer from Investments (see Note 9)	625,806
At 30 April 2003	<u>3,958,880</u>
Amortisation	
At 1 May 2002	433,315
Amortisation	212,299
At 30 April 2003	<u>645,614</u>
Net Book Value	
At 30 April 2003	<u>3,313,266</u>
At 30 April 2002	<u>1,486,751</u>

Additions and Adjustments to Goodwill

In the year the company acquired the insurance broking business of A N Insurance Brokers and the insurance broking business of Oughtred & Harrison (Insurance) Limited. The following table explains the calculation of goodwill:

	£
Consideration for the insurance broking business of Oughtred & Harrison (Insurance) Limited	998,989
Consideration for A N Insurance Brokers	401,425
Consideration for sundry other businesses	453
	<u>1,400,867</u>

The results of A N Insurance Brokers and the business of Oughtred & Harrison (Insurance) Limited prior to acquisition were not available as accounts were not produced at the time of the acquisitions. It is not possible to separately identify the contributions of the acquired businesses to the results for the year as the aforementioned businesses were merged into the company's other business activities immediately following acquisition.

The acquisition in 2001 of D Middleton and Pumford & Pumford comprised both fixed and variable elements of deferred consideration, dependent on the subsequent performances of the businesses. The performance of D Middleton and Pumford & Pumford in the current year has resulted in adjustments to the estimated deferred consideration and to the goodwill on acquisition.

SMART & COOK LIMITED

NOTES TO THE ACCOUNTS CONTINUED

30 APRIL 2003

8. TANGIBLE ASSETS

	Freehold Property £	Leasehold Property £	Fixtures, Fittings & Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost or Valuation						
At 1 May 2002	783,678	224,680	591,633	479,519	503,802	2,583,312
Additions	2,733	28,774	96,204	268,020	128,095	523,826
Acquisition Additions	150,000	-	4,442	7,504	24,562	186,508
Inter-Group Additions	-	-	-	-	14,550	14,550
Disposals	-	-	-	-	(246,346)	(246,346)
Inter-Group Disposals	-	-	-	-	(28,420)	(28,420)
At 30 April 2003	936,411	253,454	692,279	755,043	396,243	3,033,430
Depreciation						
At 1 May 2002	33,971	50,590	273,647	273,964	124,211	756,383
Charge	16,948	16,783	52,055	103,483	85,474	274,743
Disposals	-	-	-	-	(112,569)	(112,569)
Inter-Group Disposals	-	-	-	-	(8,008)	(8,008)
At 30 April 2003	50,919	67,373	325,702	377,447	89,108	910,549
Net Book Value						
At 30 April 2003	885,492	186,081	366,577	377,596	307,135	2,122,881
At 30 April 2002	749,707	174,090	317,986	205,555	379,591	1,826,929

The net book value of the company's assets includes the following amounts in respect of assets held under hire purchase contracts:

At 30 April 2003	-	-	63,618	81,271	227,676	372,565
At 30 April 2002	-	-	84,227	-	339,360	423,587

As stated in the accounting policies, the company carries freehold property at its 30 April 2000 revalued amount.

If stated under the historical cost convention the freehold property would be as follows:

	2003 £	2002 £
Cost	756,227	580,256
Net Book Value	684,493	537,535

SMART & COOK LIMITED

NOTES TO THE ACCOUNTS CONTINUED

30 APRIL 2003

9. INVESTMENTS

	Subsidiaries £	Un-quoted £	Total £
At 1 May 2002	-	5,189	5,189
Additions	1,308,206	3,904	1,312,110
Transfer to Goodwill	(885,806)	-	(885,806)
At 30 April 2003	<u>422,400</u>	<u>9,093</u>	<u>431,493</u>

Transfer of Investments to Goodwill

The transfer to goodwill referred to in note 7 and above arises: firstly, from the hive up of the insurance broking business of Castlegate Insurance Brokers Limited into Smart & Cook Limited subsequent to the acquisition of the entity; and secondly, from the hive across of the financial services business of Castlegate Insurance Brokers Limited into Smart & Cook Financial Services Limited. The respective amounts are £625,806 and £260,000 which represent the excess of the cost of the investment over the remaining net assets of Castlegate Insurance Brokers Limited.

Details of the original acquisition of Castlegate Insurance brokers Limited can be found in the financial statements of the ultimate parent company.

Summary of subsidiaries above:

Subsidiary	Principal activity	Country of incorporation and registration	Shares held Class	%
Castlegate Insurance Brokers Limited	Insurance Broking & Consultancy	England and Wales	Ordinary	100

In the opinion of the directors the value of the shares in Castlegate Insurance Brokers Limited is not less than that stated in the balance sheet of the company.

10. DEBTORS: amounts falling due within one year

	2003 £	2002 £
Trade Debtors: Insurance Broking Account	12,439,828	8,956,786
Amounts Owed by Fellow Subsidiary Undertakings	2,170,169	1,123,264
Other Debtors	483,078	245,090
Prepayments and Accrued Income	286,737	157,978
	<u>15,379,812</u>	<u>10,483,118</u>

SMART & COOK LIMITED

NOTES TO THE ACCOUNTS CONTINUED

30 APRIL 2003

11. CASH AT BANK AND IN HAND

	2003 £	2002 £
Insurance Broking Accounts:		
Deposit Account	5,251,564	1,857,821
Current Account	(2,920,509)	(1,094,677)
	<u>2,331,055</u>	<u>763,144</u>
Cash Accounts	2,119	1,333
	<u>2,333,174</u>	<u>764,477</u>

The presentation of cash at bank and bank overdraft in note 12 reflects the commercial arrangements the company has with its bankers.

12. CREDITORS: amounts falling due within one year

	2003 £	2002 £
Office Bank Overdraft (Note 11)	422,301	220,553
Bank Loans	99,240	113,798
Other Loans	-	34,280
Obligations under Hire Purchase Contracts	180,963	193,309
Trade Creditors:		
Insurance Broking Account	14,345,076	9,189,679
Other	230,518	118,115
Amounts Owed to Ultimate Parent Company	236,232	218,156
Amounts Owed to Parent Company	3,067,806	148,806
Amounts Owed to Fellow Subsidiary Undertakings	473,439	-
Corporation Tax	465,346	330,488
Other Tax and Social Security	187,774	131,098
Other Creditors	879,190	100,707
Accruals and Deferred Income	119,129	63,526
	<u>20,707,014</u>	<u>10,862,515</u>

The office bank overdraft and bank loans are secured by means of a legal charge over the company's freehold property.

SMART & COOK LIMITED

NOTES TO THE ACCOUNTS CONTINUED

30 APRIL 2003

13. CREDITORS: amounts falling due after more than one year

	2003 £	2002 £
Bank Loans:		
Amounts Due between One and Two Years	72,197	96,663
Amounts Due between Two and Five Years	154,246	199,128
Amounts Due after Five Years	112,746	144,489
Obligations under Hire Purchase Contracts:		
Amounts Due between One and Two Years	87,862	132,874
Amounts Due between Two and Five Years	23,197	28,104
Amounts Owed to Parent Company	1,300,000	1,300,000
Other Creditors:		
Amounts Due between One and Two Years	812,543	13,300
	<u>2,562,791</u>	<u>1,914,558</u>

£207,857 of the bank loans relates to a secured loan, which is repayable by monthly instalments of £5,013. Interest is charged at 1½% above The Royal Bank of Scotland base rate.

£189,838 of the bank loans relates to a secured loan, which is repayable by monthly instalments of £2,060. Interest is charged at 2¼% above The Royal Bank of Scotland base rate.

£40,734 of the bank loans relates to unsecured loans, which are repayable by monthly instalments of £4,385. All of these unsecured bank loans are repayable in less than five years.

The amount owed to parent company is interest free and repayable in full or in part on 37 months' notice on a rolling basis.

Other creditors above and in note 12 include amounts totalling £Nil (2002: £26,600) due to G D Hewstone, £279,429 (2002: £Nil) due to A N Insurance Brokers, £525,000 (2002: £Nil) due to J Maloney & Others and £715,000 (2002: £ Nil) due to Oughtred & Harrison (Insurance) Limited under the terms of the respective purchase agreements of acquired businesses.

SMART & COOK LIMITED

NOTES TO THE ACCOUNTS CONTINUED

30 APRIL 2003

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation £
At 1 May 2002	66,694
Movement in the year	(3,017)
At 30 April 2003	<u>63,677</u>

The amounts of deferred taxation provided and unprovided in the financial statements are as follows:

	Provided 2003 £	Provided 2002 £	Not Provided 2003 £	Not Provided 2002 £
Capital allowances in excess of depreciation	<u>63,677</u>	<u>66,694</u>	-	-

15. CALLED UP SHARE CAPITAL

	No	2003 £	No	2002 £
Authorised:				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Called Up, Allotted and Fully Paid:				
Ordinary shares of £1 each	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>

16. RESERVES

	Profit and Loss Account £	Revaluation Reserve £	Total £
At 1 May 2002	1,530,982	191,215	1,722,197
Retained Profit for the Year	(1,475,553)	-	(1,475,553)
Transfer of amount equivalent to additional depreciation on revalued assets	4,069	(4,069)	-
At 30 April 2003	<u>59,498</u>	<u>187,146</u>	<u>246,644</u>

SMART & COOK LIMITED

NOTES TO THE ACCOUNTS CONTINUED

30 APRIL 2003

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	1,174,447	843,330
Dividends	(2,650,000)	(550,000)
Net addition to shareholders' funds	<u>(1,475,553)</u>	<u>293,330</u>
Opening shareholders' funds	1,722,697	1,429,367
Closing shareholders' funds	<u>247,144</u>	<u>1,722,697</u>

18. OPERATING LEASE COMMITMENTS

At 30 April 2003, the company was committed to make the following payments during the next year in respect of operating leases:

	Land and Buildings 2003 £	Land and Buildings 2002 £
Leases which expire:		
Within one year	8,212	-
Within two to five years	66,192	30,000
After five years	<u>152,309</u>	<u>120,998</u>

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained in 'FRS 8 - Related Party Disclosures' not to disclose transactions with other group companies as it is a wholly owned subsidiary.

20. GROUP ACCOUNTS

The company is exempt from the obligation to prepare group accounts under S228 Companies Act 1985 since it is the wholly owned subsidiary of Smart & Cook Group Limited, a company incorporated in Great Britain and registered in England and Wales. Smart & Cook Group Limited prepare consolidated accounts which can be obtained from the Registrar of Companies, Companies House, 3 Crown Way, Maindy, Cardiff, CF4 3UZ.

21. ULTIMATE PARENT COMPANY

The ultimate parent company is Thornton Grove (Holdings) Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the accounts of Thornton Grove (Holdings) Limited can be obtained from the Registrar of Companies, Companies House, 3 Crown Way, Maindy, Cardiff, CF4 3UZ.