

COMPANY REGISTRATION NUMBER 1053688

GERALD HUXLEY & COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 AUGUST 2002 TO
31 DECEMBER 2003



CHADWICK
Chartered Accountants & Registered Auditors
5th Floor
Television House
10-12 Mount Street
Manchester
M2 5NT

GERALD HUXLEY & COMPANY LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 1 AUGUST 2002 TO 31 DECEMBER 2003

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditors' report to the shareholders	4
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9

GERALD HUXLEY & COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr M Lewis
Mr M Askew

Company secretary

Mr M Hughes

Registered office

Barton Hall
Hardy Street
Eccles
Manchester
M30 7NB

Auditors

Chadwick
Chartered Accountants
& Registered Auditors
5th Floor
Television House
10-12 Mount Street
Manchester
M2 5NT

Bankers

HSBC Bank plc
9th & 10th Levels
The McLaren Building
35 Dale End
Birmingham
B4 7LZ

GERALD HUXLEY & COMPANY LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 1 AUGUST 2002 TO 31 DECEMBER 2003

The directors have pleasure in presenting their report and the financial statements of the company for the period from 1 August 2002 to 31 December 2003.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

On 1 April 2003 the whole of the company's share capital was purchased by CBG Insurance Brokers Limited. This company is part of a group which has an ultimate parent company of Community Broking Group plc.

RESULTS AND DIVIDENDS

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have recommended the following dividends:

	Period to 31 December 2003	Year to 31 July 2002
	£	£
Dividends paid on ordinary shares	<u>33,026</u>	<u>69,418</u>

DIRECTORS

The directors who served the company during the period were as follows:

Mr M Lewis	(Appointed 1 April 2003)
Mr M Askew	(Appointed 1 April 2003)
Mr G Huxley	(Retired 31 March 2003)
Mrs V Huxley	(Retired 31 March 2003)

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

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 period and of the profit or loss for the period then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

GERALD HUXLEY & COMPANY LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 1 AUGUST 2002 TO 31 DECEMBER 2003

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.

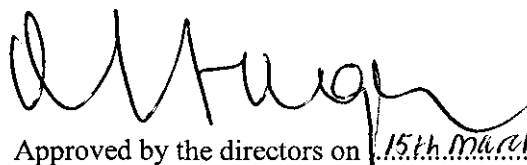
AUDITORS

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

Registered office:

Barton Hall
Hardy Street
Eccles
Manchester
M30 7NB

Signed by order of the directors



MR M HUGHES
Company Secretary

Approved by the directors on 15th March 2004

GERALD HUXLEY & COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GERALD HUXLEY & COMPANY LIMITED

PERIOD FROM 1 AUGUST 2002 TO 31 DECEMBER 2003

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

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.

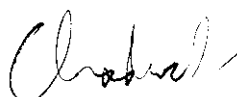
GERALD HUXLEY & COMPANY LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
GERALD HUXLEY & COMPANY LIMITED *(continued)***

PERIOD FROM 1 AUGUST 2002 TO 31 DECEMBER 2003

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.



CHADWICK
Chartered Accountants
& Registered Auditors

5th Floor
Television House
10-12 Mount Street
Manchester
M2 5NT

15 March 2004

GERALD HUXLEY & COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 1 AUGUST 2002 TO 31 DECEMBER 2003

	Note	31 Dec 03 £	Year to 31 Jul 02 £
TURNOVER	2	130,539	152,688
Administrative expenses		<u>51,470</u>	<u>83,911</u>
OPERATING PROFIT	3	79,069	68,777
Interest receivable		118	—
Interest payable	6	(62)	(154)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>79,125</u>	<u>68,623</u>
Tax on profit on ordinary activities	7	15,300	12,361
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>63,825</u>	<u>56,262</u>
Dividends	8	33,026	69,418
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		<u>30,799</u>	<u>(13,156)</u>
Balance brought forward		<u>18,160</u>	<u>31,316</u>
Balance carried forward		<u>48,959</u>	<u>18,160</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 period as set out above.

The notes on pages 9 to 14 form part of these financial statements.

GERALD HUXLEY & COMPANY LIMITED

BALANCE SHEET

31 DECEMBER 2003

	Note	31 Dec 03 £	£	31 Jul 02 £	£
FIXED ASSETS					
Tangible assets	9		—		10,664
CURRENT ASSETS					
Debtors	10	34,241		7,492	
Cash at bank and in hand	11	30,118		47,274	
		<u>64,359</u>		<u>54,766</u>	
CREDITORS: Amounts falling due within one year	12	<u>15,300</u>		<u>47,170</u>	
NET CURRENT ASSETS			<u>49,059</u>		<u>7,596</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>49,059</u>		<u>18,260</u>
CAPITAL AND RESERVES					
Called-up equity share capital	14		100		100
Profit and loss account			<u>48,959</u>		<u>18,160</u>
SHAREHOLDERS' FUNDS	15		<u>49,059</u>		<u>18,260</u>

These financial statements were approved by the directors on the 15th/3/04 and are signed on their behalf by:


MR M ASKEW

The notes on pages 9 to 14 form part of these financial statements.

GERALD HUXLEY & COMPANY LIMITED

CASH FLOW STATEMENT

PERIOD FROM 1 AUGUST 2002 TO 31 DECEMBER 2003

	Note	31 Dec 03 £	£	Year to 31 Jul 02 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES			25,111		95,312
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		118		—	
Interest paid		(62)		(154)	
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			56		(154)
TAXATION			(12,361)		—
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(1,000)		—	
Receipts from sale of fixed assets		9,712		15,886	
NET CASH INFLOW FROM CAPITAL EXPENDITURE			8,712		15,886
EQUITY DIVIDENDS PAID			(33,026)		(69,418)
(DECREASE)/INCREASE IN CASH	16		(11,508)		41,626

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 Dec 03 £	Year to 31 Jul 02 £
Operating profit	79,069	68,777
Depreciation	1,012	1,882
Loss/(Profit) on disposal of fixed assets	940	(1,759)
Increase in debtors	(26,749)	(2,749)
(Decrease)/increase in creditors	(29,161)	29,161
Net cash inflow from operating activities	25,111	95,312

The notes on pages 9 to 14 form part of these financial statements.

GERALD HUXLEY & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 AUGUST 2002 TO 31 DECEMBER 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents commissions receivable in the period.

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:

Fixtures & Fittings - 25% reducing balance

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.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	31 Dec 03	Year to 31 Jul 02
	£	£
United Kingdom	<u>130,539</u>	<u>152,688</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	31 Dec 03	Year to 31 Jul 02
	£	£
Depreciation of owned fixed assets	1,012	1,882
Loss/(Profit) on disposal of fixed assets	940	(1,759)
Operating lease costs:		
Land and buildings	<u>2,237</u>	<u>2,577</u>

GERALD HUXLEY & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 AUGUST 2002 TO 31 DECEMBER 2003

4. PARTICULARS OF EMPLOYEES

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

	31 Dec 03	Year to 31 Jul 02
	No	No
Number of management staff	<u>3</u>	<u>4</u>

The aggregate payroll costs of the above were:

	31 Dec 03	Year to 31 Jul 02
	£	£
Wages and salaries	15,954	22,736
Social security costs	847	2,047
Pensions paid to former employees	8,800	10,800
	<u>25,601</u>	<u>35,583</u>

5. DIRECTORS' EMOLUMENTS

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

	31 Dec 03	Year to 31 Jul 02
	£	£
Emoluments receivable	<u>10,800</u>	<u>13,800</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	31 Dec 03	Year to 31 Jul 02
	£	£
Interest payable on bank borrowing	<u>62</u>	<u>154</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	31 Dec 03	Year to 31 Jul 02
	£	£
Current tax:		
UK Corporation tax based on the results for the period at 19% (2002 - 19%)	15,300	12,361
Total current tax	<u>15,300</u>	<u>12,361</u>

GERALD HUXLEY & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 AUGUST 2002 TO 31 DECEMBER 2003

7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 19% (2002 - 19%).

	31 Dec 03	Year to 31 Jul 02
	£	£
Profit on ordinary activities before taxation	79,125	68,623
Profit on ordinary activities by rate of tax	15,034	13,038
Non deductible expenses	(633)	5
Excess capital allowances	899	(650)
Rounding included in accounts	—	(32)
Total current tax (note 7(a))	15,300	12,361

8. DIVIDENDS

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

	31 Dec 03	Year to 31 Jul 02
	£	£
Dividend paid on ordinary shares	33,026	69,418

9. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £
COST	
At 1 August 2002	48,493
Additions	1,000
Disposals	(2,035)
Transfers	(47,458)
At 31 December 2003	—
DEPRECIATION	
At 1 August 2002	37,829
Charge for the period	1,012
On disposals	(494)
Transfers	(38,347)
At 31 December 2003	—
NET BOOK VALUE	
At 31 December 2003	—
At 31 July 2002	10,664

GERALD HUXLEY & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 AUGUST 2002 TO 31 DECEMBER 2003

10. DEBTORS

	31 Dec 03	31 Jul 02
	£	£
Trade debtors	10,557	5,952
Other debtors	23,684	—
Prepayments and accrued income	—	1,540
	<u>34,241</u>	<u>7,492</u>

Included in other debtors is an amount of £23,684 due to group undertakings (2002: £nil).

During the period Mr G Huxley's director's current account was overdrawn by a maximum amount of £5,944. At the period end this balance was nil.

11. CASH AT BANK AND IN HAND

	31 Dec 03	31 Jul 02
	£	£
Cash at bank	12,926	—
Insurance Broking account	17,192	47,176
Petty cash	—	98
	<u>30,118</u>	<u>47,274</u>

12. CREDITORS: Amounts falling due within one year

	31 Dec 03	31 Jul 02
	£	£
Bank loans and overdrafts	—	5,648
Trade creditors	—	21,523
Corporation tax	15,300	12,361
Other creditors	—	1,975
Directors current accounts	—	3,195
Accruals and deferred income	—	2,468
	<u>15,300</u>	<u>47,170</u>

13. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under FRS8 not to disclose transactions with its parent undertaking and its fellow wholly owned subsidiary undertakings, such details will be included within the consolidated accounts.

GERALD HUXLEY & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 AUGUST 2002 TO 31 DECEMBER 2003

14. SHARE CAPITAL

Authorised share capital:

	31 Dec 03	31 Jul 02
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	31 Dec 03	31 Jul 02
	No £	No £
Ordinary shares of £1 each	<u>100</u> <u>100</u>	<u>100</u> <u>100</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 Dec 03	31 Jul 02
	£	£
Profit for the financial period	63,825	56,262
Dividends	(33,026)	(69,418)
	<u>30,799</u>	<u>(13,156)</u>
Opening shareholders' equity funds	<u>18,260</u>	<u>31,416</u>
Closing shareholders' equity funds	<u>49,059</u>	<u>18,260</u>

16. NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	31 Dec 03	31 Jul 02
	£	£
(Decrease)/Increase in cash in the period	(11,508)	41,626
Movement in net funds in the period	(11,508)	41,626
Net funds at 1 August 2002	41,626	—
Net funds at 31 December 2003	<u>30,118</u>	<u>41,626</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Aug 2002	Cash flows	At 31 Dec 2003
	£	£	£
Net cash:			
Cash in hand and at bank	47,274	(17,156)	30,118
Overdrafts	(5,648)	5,648	—
Net funds	<u>41,626</u>	<u>(11,508)</u>	<u>30,118</u>

GERALD HUXLEY & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 AUGUST 2002 TO 31 DECEMBER 2003

17. ULTIMATE PARENT COMPANY

The ultimate parent company is Community Broking Group plc, a company incorporated in England and Wales. Copies of the consolidated financial statements can be obtained from Companies House, Cardiff.