

COMPANY REGISTRATION NUMBER 1278058

**PRIESTLEY & PARTNERS (INSURANCE)
BROKERS LIMITED**

FINANCIAL STATEMENTS

FOR

30TH SEPTEMBER 2003



EDWARDS VEEDER

Chartered Accountants & Registered Auditors
Bank House
260/8 Chapel Street
Salford
MANCHESTER M3 5JZ

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2003

| CONTENTS | PAGE |
|--|-------------|
| The directors' report | 1 |
| <i>Independent auditors' report to the shareholders</i> | 3 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Notes to the financial statements | 7 |
| The following page does not form part of the financial statements | |
| Detailed profit and loss account | 13 |

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30TH SEPTEMBER 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30th September 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of Insurance Brokers.

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 £0.01 each | |
|------------------|-------------------------------|----------------------|
| | At 30 September 2003 | At 1 October 2002 |
| MR N R SWIFT | 1,625,000 | 65,000 |
| MR B R McGLAULIN | <u>875,000</u> | <u>35,000</u> |

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 7, 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.

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 Edwards Veeder as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

THE DIRECTORS' REPORT *(continued)*


YEAR ENDED 30TH SEPTEMBER 2003

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Whitehead House
Pacific Road
Altrincham
Cheshire
WA14 5BJ

Signed by order of the directors



MR B R McGLAULIN
Company Secretary

Approved by the directors on 5/11/03

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 30TH SEPTEMBER 2003

We have audited the financial statements on pages 5 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 7.

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.

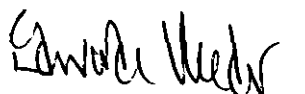
PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

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

YEAR ENDED 30TH SEPTEMBER 2003

OPINION

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



EDWARDS VEEDER
Chartered Accountants
& Registered Auditors

Bank House
260/8 Chapel Street
Salford
MANCHESTER

M3 5JZ

5/11/03
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PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30TH SEPTEMBER 2003

| | Note | 2003 £ | 2002 £ |
|--|------|----------------------|----------------------|
| TURNOVER | | 843,570 | 628,931 |
| Administrative expenses | | <u>619,511</u> | <u>402,939</u> |
| OPERATING PROFIT | 2 | 224,059 | 225,992 |
| Interest receivable | | 21,709 | 16,524 |
| Amounts written off investments | 3 | (75,000) | (81,605) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | <u>170,768</u> | <u>160,911</u> |
| Tax on profit on ordinary activities | 4 | 48,055 | 49,151 |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | <u>122,713</u> | <u>111,760</u> |
| Equity dividends paid | | 70,000 | 60,000 |
| RETAINED PROFIT FOR THE FINANCIAL YEAR | | <u><u>52,713</u></u> | <u><u>51,760</u></u> |

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

BALANCE SHEET

30TH SEPTEMBER 2003

| | Note | 2003 £ | 2002 £ |
|--|------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 5 | 31,044 | 39,300 |
| Investments | 6 | 201,020 | 276,020 |
| | | <u>232,064</u> | <u>315,320</u> |
| CURRENT ASSETS | | | |
| Debtors | 7 | 406,001 | 771,624 |
| Cash at bank and in hand | | 645,541 | 668,949 |
| | | <u>1,051,542</u> | <u>1,440,573</u> |
| CREDITORS: Amounts falling due within one year | | | |
| | 8 | 916,693 | 1,365,700 |
| NET CURRENT ASSETS | | | |
| | | <u>134,849</u> | <u>74,873</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | <u>366,913</u> | <u>390,193</u> |
| CREDITORS: Amounts falling due after more than one year | | | |
| | 9 | 125,000 | 200,000 |
| | | <u>241,913</u> | <u>190,193</u> |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | |
| Deferred taxation | 10 | 4,170 | 5,163 |
| | | <u>237,743</u> | <u>185,030</u> |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 12 | 25,000 | 1,000 |
| Profit and loss account | | 212,743 | 184,030 |
| SHAREHOLDERS' FUNDS | | | |
| | | <u>237,743</u> | <u>185,030</u> |

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 5/11/03. and are signed on their behalf by:

MR N R SWIFT

MR B R McGLAULIN

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH SEPTEMBER 2003****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

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:

Computer Costs - 25%

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2003

2. OPERATING PROFIT

Operating profit is stated after charging:

| | 2003 | 2002 |
|------------------------------------|---------------------|---------------------|
| | £ | £ |
| Directors' emoluments | 82,441 | 75,312 |
| Staff pension contributions | 102,047 | 49,230 |
| Depreciation of owned fixed assets | 9,215 | 13,060 |
| Auditors' fees | <u>3,886</u> | <u>3,886</u> |

3. AMOUNTS WRITTEN OFF INVESTMENTS

| | 2003 | 2002 |
|--------------------------------|----------------------|----------------------|
| | £ | £ |
| Amount written off investments | <u>75,000</u> | <u>81,605</u> |

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2003 | 2002 |
|--|----------------------|----------------------|
| | £ | £ |
| Current tax: | | |
| In respect of the year: | | |
| UK Corporation tax based on the results for the year at 19% (2002 - 20%) | 49,050 | 43,995 |
| Over/under provision in prior year | (2) | (7) |
| Total current tax | <u>49,048</u> | <u>43,988</u> |
| Deferred tax: | | |
| (Decrease)/Increase in deferred tax provision (note 10) | | |
| Capital allowances | (993) | 5,163 |
| Tax on profit on ordinary activities | <u>48,055</u> | <u>49,151</u> |

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2003

5. TANGIBLE FIXED ASSETS

| | Computer Equipment £ | Fixtures & Fittings £ | Total £ |
|-------------------------------|----------------------------|-----------------------------|---------------|
| COST | | | |
| At 1st October 2002 | 51,529 | 11,336 | 62,865 |
| Additions | 959 | — | 959 |
| At 30th September 2003 | <u>52,488</u> | <u>11,336</u> | <u>63,824</u> |
| DEPRECIATION | | | |
| At 1st October 2002 | 20,729 | 2,836 | 23,565 |
| Charge for the year | 7,940 | 1,275 | 9,215 |
| At 30th September 2003 | <u>28,669</u> | <u>4,111</u> | <u>32,780</u> |
| NET BOOK VALUE | | | |
| At 30th September 2003 | <u>23,819</u> | <u>7,225</u> | <u>31,044</u> |
| At 30th September 2002 | <u>30,800</u> | <u>8,500</u> | <u>39,300</u> |

6. INVESTMENTS

ACQUISITION OF WENSWELL LIMITED

| | £ |
|---|----------------|
| COST | |
| At 1st October 2002 and 30th September 2003 | <u>357,625</u> |
| AMOUNTS WRITTEN OFF | |
| At 1st October 2002 | 81,605 |
| Written off in year | 75,000 |
| At 30th September 2003 | <u>156,605</u> |
| NET BOOK VALUE | |
| At 30th September 2003 | <u>201,020</u> |
| At 30th September 2002 | <u>276,020</u> |

7. DEBTORS

| | 2003 £ | 2002 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 405,455 | 769,746 |
| Prepayments and accrued income | 546 | 1,878 |
| | <u>406,001</u> | <u>771,624</u> |

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2003

8. CREDITORS: Amounts falling due within one year

| | 2003 | 2002 |
|---|----------------|------------------|
| | £ | £ |
| Trade creditors | 684,032 | 1,155,415 |
| Other creditors including taxation and social security: | | |
| Corporation tax | 49,050 | 43,995 |
| PAYE and social security | 14,637 | 11,706 |
| Directors current accounts | 70,000 | 60,000 |
| Other creditors | 75,000 | 75,000 |
| Accruals and deferred income | 23,974 | 19,584 |
| | <u>232,661</u> | <u>210,285</u> |
| | <u>916,693</u> | <u>1,365,700</u> |

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

| | 2003 | 2002 |
|-----------------|----------------|----------------|
| | £ | £ |
| Other creditors | <u>125,000</u> | <u>200,000</u> |

10. DEFERRED TAXATION

| | 2003 | 2002 |
|--|--------------|--------------|
| | £ | £ |
| The movement in the deferred taxation provision during the year was: | | |
| Provision brought forward | 5,163 | — |
| Profit and loss account movement arising during the year | (993) | 5,163 |
| Provision carried forward | <u>4,170</u> | <u>5,163</u> |

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

| | 2003 | 2002 |
|---|--------------|--------------|
| | £ | £ |
| Excess of taxation allowances over depreciation on fixed assets | 4,170 | 5,163 |
| | <u>4,170</u> | <u>5,163</u> |

11. RELATED PARTY TRANSACTIONS

The company was under the control of Mr Swift throughout the current and previous year. Mr Swift is the managing director and majority shareholder.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2003

12. SHARE CAPITAL

Authorised share capital:

| | 2003 | 2002 |
|---|----------------------|---------------------|
| | £ | £ |
| 2,500,000 Ordinary shares of £0.01 each | <u>25,000</u> | <u>1,000</u> |

Allotted, called up and fully paid:

| | 2003 | | 2002 | |
|-------------------------------|-------------------------|----------------------|-----------------------|---------------------|
| | No | £ | No | £ |
| Ordinary shares of £0.01 each | <u>2,500,000</u> | <u>25,000</u> | <u>100,000</u> | <u>1,000</u> |

13. PROFIT AND LOSS ACCOUNT

| | 2003 | 2002 |
|--|------------------------|-----------------------|
| | £ | £ |
| Balance brought forward | 184,030 | 132,270 |
| Retained profit for the financial year | 52,713 | 51,760 |
| Capitalisation of reserves (equity) | <u>(24,000)</u> | <u>—</u> |
| Balance carried forward | <u>212,743</u> | <u>184,030</u> |