

COMPANY REGISTRATION NUMBER 1278058

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

FINANCIAL STATEMENTS

FOR

30TH SEPTEMBER 2004



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

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2004

CONTENTS	PAGE
The directors' report	1
Independent auditors' report to the shareholders	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 2004

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30th September 2004.

PRINCIPAL ACTIVITIES

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

THE DIRECTORS AND THEIR INTERESTS IN THE 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	At
	30 September 2004	1 October 2003
MR N R SWIFT	1,625,000	1,625,000
MR B R McGLAULIN	<u>875,000</u>	<u>875,000</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)*

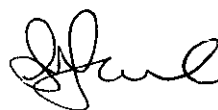
YEAR ENDED 30TH SEPTEMBER 2004

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:
Hale Brook House
Scott Drive
Altrincham
Cheshire
WA15 8AB

Signed by order of the directors



MR B R McGLAULIN
Company Secretary

Approved by the directors on19/11/04.....

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED**

YEAR ENDED 30TH SEPTEMBER 2004

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

YEAR ENDED 30TH SEPTEMBER 2004

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 2004 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

Alex House
260/8 Chapel Street
Salford
MANCHESTER
M3 5JZ

19/11/2004
.....

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30TH SEPTEMBER 2004

	Note	2004 £	2003 £
TURNOVER		866,983	843,570
Administrative expenses		<u>659,094</u>	<u>619,511</u>
OPERATING PROFIT	2	207,889	224,059
Interest receivable		23,979	21,709
Amounts written off investments	3	<u>(75,000)</u>	<u>(75,000)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>156,868</u>	<u>170,768</u>
Tax on profit on ordinary activities	4	44,565	48,055
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>112,303</u>	<u>122,713</u>
Equity dividends paid		75,000	70,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u><u>37,303</u></u>	<u><u>52,713</u></u>

The notes on pages 7 to 11 form part of these financial statements.

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

BALANCE SHEET

30TH SEPTEMBER 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	5	47,255	31,044
Investments	6	126,020	201,020
		<u>173,275</u>	<u>232,064</u>
CURRENT ASSETS			
Debtors	7	576,631	406,001
Cash at bank and in hand		709,819	645,541
		<u>1,286,450</u>	<u>1,051,542</u>
CREDITORS: Amounts falling due within one year			
	8	1,129,233	916,692
NET CURRENT ASSETS			
		<u>157,217</u>	<u>134,850</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>330,492</u>	<u>366,914</u>
CREDITORS: Amounts falling due after more than one year			
	9	51,020	125,000
		<u>279,472</u>	<u>241,914</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	10	4,425	4,170
		<u>275,047</u>	<u>237,744</u>
CAPITAL AND RESERVES			
Called-up equity share capital	12	25,000	25,000
Profit and loss account	15	250,047	212,744
SHAREHOLDERS' FUNDS			
		<u>275,047</u>	<u>237,744</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 19/11/2004 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 2004****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 2004

2. OPERATING PROFIT

Operating profit is stated after charging:

	2004	2003
	£	£
Directors' emoluments	89,074	82,441
Staff pension contributions	82,621	102,047
Depreciation of owned fixed assets	12,367	9,215
Auditors' fees	4,406	3,886

3. AMOUNTS WRITTEN OFF INVESTMENTS

	2004	2003
	£	£
Amount written off investments	75,000	75,000

4. TAXATION ON ORDINARY ACTIVITIES

	2004	2003
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2003 - 19%)	44,310	49,050
Over/under provision in prior year	—	(2)
Total current tax	44,310	49,048
Deferred tax:		
Origination and reversal of timing differences (note 10)		
Capital allowances	255	(993)
Tax on profit on ordinary activities	44,565	48,055

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2004

5. TANGIBLE FIXED ASSETS

	Computer Equipment £	Fixtures & Fittings £	Total £
COST			
At 1st October 2003	52,488	11,336	63,824
Additions	5,687	22,891	28,578
At 30th September 2004	<u>58,175</u>	<u>34,227</u>	<u>92,402</u>
DEPRECIATION			
At 1st October 2003	28,669	4,111	32,780
Charge for the year	7,376	4,991	12,367
At 30th September 2004	<u>36,045</u>	<u>9,102</u>	<u>45,147</u>
NET BOOK VALUE			
At 30th September 2004	<u>22,130</u>	<u>25,125</u>	<u>47,255</u>
At 30th September 2003	<u>23,819</u>	<u>7,225</u>	<u>31,044</u>

6. INVESTMENTS

Acquisition of Wenswell Limited

	£
COST	
At 1st October 2003 and 30th September 2004	<u>357,625</u>
AMOUNTS WRITTEN OFF	
At 1st October 2003	156,605
Written off in year	75,000
At 30th September 2004	<u>231,605</u>
NET BOOK VALUE	
At 30th September 2004	<u>126,020</u>
At 30th September 2003	<u>201,020</u>

7. DEBTORS

	2004 £	2003 £
Trade debtors	576,043	405,455
Prepayments and accrued income	588	546
	<u>576,631</u>	<u>406,001</u>

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2004

8. CREDITORS: Amounts falling due within one year

	2004		2003	
	£	£	£	£
Trade creditors		853,715		684,031
Other creditors including taxation and social security:				
Corporation tax	44,310		49,050	
PAYE and social security	15,900		14,637	
Directors current accounts	75,000		70,000	
Other creditors	75,000		75,000	
Accruals and deferred income	65,308		23,974	
		<u>275,518</u>		<u>232,661</u>
		<u>1,129,233</u>		<u>916,692</u>

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

	2004		2003	
	£	£	£	£
Other creditors		<u>51,020</u>		<u>125,000</u>

10. DEFERRED TAXATION

	2004	2003
	£	£
The movement in the deferred taxation provision during the year was:		
Provision brought forward	4,170	5,163
Profit and loss account movement arising during the year	255	(993)
Provision carried forward	<u>4,425</u>	<u>4,170</u>

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

	2004	2003
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>4,425</u>	<u>4,170</u>
	<u>4,425</u>	<u>4,170</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 2004

12. SHARE CAPITAL

Authorised share capital:

	2004	2003
	£	£
2,500,000 Ordinary shares of £0.01 each	<u>25,000</u>	<u>25,000</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £0.01 each	<u>2,500,000</u>	<u>25,000</u>	<u>2,500,000</u>	<u>25,000</u>

15. PROFIT AND LOSS ACCOUNT

	2004	2003
	£	£
Balance brought forward	212,744	184,030
Retained profit for the financial year	37,303	52,713
Capitalisation of reserves (equity)	—	(23,999)
Balance carried forward	<u>250,047</u>	<u>212,744</u>