

**OLDCO (No.99) LIMITED**

**COMPANY REGISTRATION NUMBER: 1660078**

**REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2003**



# **OLDCO (No.99) LIMITED**

## **DIRECTORS**

C R S Birrell  
G Boden  
J A Clark  
P Gray

## **SECRETARY**

S L V Cole

## **COMPANY REGISTRATION NUMBER**

1660078

## **REGISTERED OFFICE**

One Hundred Whitechapel  
London  
E1 1JG

## **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
and Registered Auditors  
London

## DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 2003.

## REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

Oldco(No.99) Limited is the holding company of an insurance broking and consulting group with two principal business streams:

**UK Corporate** which comprises insurance and risk management services and employee benefits advisory and administration services, principally aimed at corporate bodies in the UK; and

**London and international** insurance market broking and administration services which handle specialist risks from corporations, partnerships, insurers and from international intermediaries.

The directors consider the state of the business to be satisfactory and view the future with confidence.

## RESULTS AND DIVIDENDS

The results of the company for the year ended 31 December 2003 are set out in the financial statements on page 4.

No interim dividend (2002: £nil) was paid in respect of the ordinary shares. The directors paid a final dividend of £6,000,000 (2002: £nil). The company made a retained loss of £2,320,535 (2002: retained profit of £5,228,267).

## DIRECTORS

The following served as directors throughout the year unless otherwise stated:

C R S Birrell  
W M Barratt (resigned on 19 February 2003)  
G Boden  
J A Clark  
P Gray

## 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.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the auditors' statement of respective responsibilities of directors and auditors set out on the following page, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors with regard to the financial statements.

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 consider that:

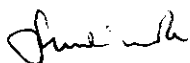
- suitable accounting policies have been selected and then consistently applied;
- judgements and estimates that are reasonable and prudent have been made;
- applicable accounting standards have been followed; and
- the going concern basis is appropriate.

**DIRECTORS' REPORT (Continued)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)**

The directors have responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 24 April 2004  
and signed on its behalf



S L V Cole  
Secretary

One Hundred Whitechapel  
London  
E1 1JG

**OLDCO (No.99) LIMITED**

We have audited the financial statements of OldCo(No.99) Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. 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 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 31 December 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  
London

30 April 2004

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2003

	Notes	2003 £	2002 £
Turnover	2	2,335,372	2,654,362
Administrative expenses	3	(3,545,493)	(3,443,215)
<b>Operating loss</b>		(1,210,121)	(788,853)
Income from shares in group undertakings		7,004,084	8,423,775
Other interest receivable and similar income	5	24,179	102,814
Amounts written off investments	9	(2,450,000)	(2,698,899)
<b>Profit on ordinary activities before taxation</b>		3,368,142	5,038,837
Tax credit on profit on ordinary activities	7	311,323	189,430
<b>Profit on ordinary activities after taxation</b>		3,679,465	5,228,267
Dividends	8	(6,000,000)	-
<b>Retained (loss) / profit for the financial year</b>	14	(2,320,535)	5,228,267

All activities derive from continuing operations.

There are no recognised gains or losses other than the profit for the current and preceding financial years. Accordingly, no statement of recognised gains and losses is given.

There are no movements in equity shareholders' funds other than the retained loss for the current financial year and the retained profit for the preceding financial years. Accordingly, no reconciliation of movements in equity shareholders' funds is given.

BALANCE SHEET at 31 December 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Investment in subsidiary undertakings	9	21,036,897	20,986,897
Other fixed asset investments	10	2,862	2,862
		<hr/>	<hr/>
		21,039,759	20,989,759
<b>Current assets</b>			
Debtors	11	5,605,841	6,878,530
Cash at bank		151,047	54,490
		<hr/>	<hr/>
		5,756,888	6,933,020
<b>Creditors: amounts falling due within one year</b>	12	(14,498,200)	(13,303,797)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(8,741,312)	(6,370,777)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		12,298,447	14,618,982
		<hr/>	<hr/>
<b>Net assets</b>		<u>12,298,447</u>	<u>14,618,982</u>
<b>Capital and reserves</b>			
Called up share capital	13	5,499,664	5,499,664
Share premium account	14	2,868,779	2,868,779
Profit and loss account	14	3,930,004	6,250,539
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		<u>12,298,447</u>	<u>14,618,982</u>

These financial statements were approved by the Board on 29 April 2004 and signed on its behalf



C R S Birrell  
Director

**NOTES TO THE ACCOUNTS**

for the year ended 31 December 2003

**1. ACCOUNTING POLICIES****Accounting convention**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards.

**Basis of accounting**

The financial statements are prepared under the historical cost convention.

**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 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 the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Foreign currencies**

Foreign currency transactions are translated into sterling at the rates of exchange ruling at the end of the month in which the transaction occurred.

Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. The rate of exchange for the US Dollar at 31 December 2003 was £1 = \$1.79 (31 December 2002: £1 = \$1.61). Exchange differences on monetary assets and liabilities are taken to the profit and loss account.

**Interest receivable and similar income**

Interest on deposits and fixed interest investments is accounted for on an accruals basis and dividends are included on an ex-dividend basis.

**Subsidiaries**

Investments in subsidiaries are stated in the balance sheet at cost, less provisions for any impairment in value (note 9). The company takes advantage of s. 228 of the Companies Act 1985 not to prepare group accounts and so these financial statements present information about the company as an individual undertaking.

**Cash flow statement**

As a wholly owned subsidiary of SBJ Group Limited, whose group accounts contain a consolidated cash flow statement, the company takes advantage of the exemption not to produce such a statement.

**Pension costs**

The company subscribes to a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.



**NOTES TO THE ACCOUNTS**

for the year ended 31 December 2003  
(continued)

**2. TURNOVER**

Turnover represents a management charge to fellow subsidiaries for the provision of management services. Turnover includes an exchange loss of £19,628 (2002: exchange loss of £40,638). Turnover is recognised on an accruals basis.

**3. ADMINISTRATIVE EXPENSES**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Administrative expenses include:		
Staff costs, including directors' remuneration:		
Wages and salaries	2,488,016	2,222,271
Social security costs	322,750	284,770
Other pension costs	(1,506)	(6,524)
	<u>2,809,260</u>	<u>2,500,517</u>
Auditors' remuneration - audit	-	7,505
Other operating expenses	736,233	935,193
	<u><u>3,545,493</u></u>	<u><u>3,443,215</u></u>

**4. ANALYSIS OF EMPLOYEES**

	<b>2003</b>	<b>2002</b>
	<b>Number</b>	<b>Number</b>
The average number of persons employed by the company during the year was as follows:		
Management and administration	<u><u>7</u></u>	<u><u>7</u></u>

**NOTES TO THE ACCOUNTS**

for the year ended 31 December 2003  
(continued)

**5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2003</b> <b>£</b>	<b>2002</b> <b>£</b>
Interest receivable	15,607	86,006
Other investment income	8,572	16,808
	<u>24,179</u>	<u>102,814</u>

**6. REMUNERATION OF DIRECTORS**

	<b>2003</b> <b>£</b>	<b>2002</b> <b>£</b>
Directors' remuneration (excluding pension contributions)	<u>1,367,472</u>	<u>2,247,688</u>
Directors' pension contributions	<u>289,173</u>	<u>138,433</u>

The remuneration of directors disclosed above  
included amounts paid to the highest paid director:

- Emoluments	<u>591,836</u>	<u>628,893</u>
- Pension contributions	<u>-</u>	<u>-</u>

	<b>2003</b> <b>Number</b>	<b>2002</b> <b>Number</b>
The number of directors for whom retirement benefits are accruing under defined contribution schemes:	<u>2</u>	<u>3</u>

**NOTES TO THE ACCOUNTS**

for the year ended 31 December 2003  
(continued)

**7. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES**

**2003**  
**£**

**2002**  
**£**

**Analysis of tax credit on ordinary activities**

UK corporation tax at 30% (2002: 30%) based on the profit for the year  
Adjustment in respect of prior years

(342,748)  
31,425

(189,444)  
14

(311,323)

(189,430)

**Reconciliation of tax credit for the year**

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are explained below:

Profit on ordinary activities before tax

3,368,142

5,038,837

Tax charge at 30% thereon.

1,010,443

1,511,651

Tax adjusted for:

Expenses not deductible for tax purposes  
Provision against investment in subsidiaries  
UK dividends received  
Adjustment in respect of prior years

13,052  
735,000  
(2,101,243)  
31,425

16,367  
809,670  
(2,527,132)  
14

(311,323)

(189,430)

**8. DIVIDENDS**

**2003**  
**£**

**2002**  
**£**

Ordinary shares:

Final dividend - paid

6,000,000

-

**NOTES TO THE ACCOUNTS**

for the year ended 31 December 2003  
(continued)

**9. INVESTMENT IN SUBSIDIARY UNDERTAKINGS**

	2003 £	2002 £
<b>COST</b>		
At 1 January	80,256,299	83,546,337
Additions	-	1,877
Disposals	-	(3,292,907)
Transfers	2,500,000	992
	<hr/>	<hr/>
At 31 December	82,756,299	80,256,299
<b>LESS: PROVISIONS FOR IMPAIRMENT IN VALUE</b>		
At 1 January	59,269,402	59,862,910
Charge for the year	2,450,000	2,698,899
Disposals	-	(3,292,407)
	<hr/>	<hr/>
At 31 December	61,719,402	59,269,402
<b>NET BOOK VALUE</b>		
At 31 December	<u>21,036,897</u>	<u>20,986,897</u>

In the opinion of the directors the aggregate value of the investments is not less than the amount stated above.

**Principal Subsidiaries:**

Helix UK Limited (Claims and administration manager)  
 SBJ Limited (Insurance broker)  
 SBJ Benefit Consultants Limited (Pension and employee benefit consultant)  
 SBJ Group Services Limited (Management services)  
 SBJ Professional Trustees Limited (Trustee and administration services)  
 SBJ Stephenson Limited (Insurance broker and consultant)

On 30 December 2003 a subsidiary undertaking transferred its shareholding in SBJ Nelson Steavenson Limited, a company registered in England and Wales and incorporated in Great Britain, to Oldco(No.99) Limited.

On 31 December 2003, the business assets and liabilities of SBJ Nelson Steavenson Limited were transferred to fellow subsidiary companies at net book value.

At 31 December 2003 Oldco (No.99) Limited held 100% of the nominal share capital of all principal subsidiaries except for SBJ Stephenson Limited which is 100% owned by SBJ Stephenson Group Limited. All the subsidiaries are incorporated in Great Britain and registered in England and Wales. The proportion of voting rights held by Oldco (No.99) Limited is the same as the proportion of shares held.

**10. OTHER FIXED ASSET INVESTMENTS**

	2003 £	2002 £
At 1 January and 31 December	<u>2,862</u>	<u>2,862</u>

**NOTES TO THE ACCOUNTS**

for the year ended 31 December 2003  
(continued)

**11. DEBTORS**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Amounts due within one year</b>		
Amounts owed by subsidiary undertakings	5,095,505	6,388,746
Other debtors	167,588	282,227
Taxation	342,748	189,444
Prepayments and accrued income	-	18,113
	<u>5,605,841</u>	<u>6,878,530</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Amounts owed to subsidiary undertakings	12,794,434	11,890,315
Other creditors (including taxation and social security)	1,081	-
Accruals and deferred income	1,702,685	1,413,482
	<u>14,498,200</u>	<u>13,303,797</u>

**13. CALLED UP SHARE CAPITAL**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Authorised:</b>		
65,000,000 10p ordinary shares	<u>6,500,000</u>	<u>6,500,000</u>
<b>Called up, allotted and fully paid:</b>		
54,996,646 10p ordinary shares	<u>5,499,664</u>	<u>5,499,664</u>

**14. RESERVES**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Share premium account</b>		
At 1 January and 31 December	<u>2,868,779</u>	<u>2,868,779</u>
<b>Profit and loss account</b>		
At 1 January	6,250,539	1,022,272
Retained (loss) / profit for the year	(2,320,535)	5,228,267
<b>At 31 December</b>	<u>3,930,004</u>	<u>6,250,539</u>

**NOTES TO THE ACCOUNTS**

for the year ended 31 December 2003  
(continued)

**15. CONTINGENT LIABILITY**

The company, in conjunction with certain other group subsidiaries, is subject to claims and litigation arising out of the ordinary course of business. Although all claims are vigorously defended, provision is made where appropriate for potential liabilities that may arise in respect of claims and litigation notified to the company at the balance sheet date. In the event that such claims or litigation are found against the group companies, the company could be exposed to the extent that any liability and associated costs exceed provisions and amounts recoverable from the group's insurances.

**16. PENSION COMMITMENTS**

The company bears the total cost of a defined contribution pension scheme for all eligible employees (note 3). The assets of the scheme are held separately from those of the company and other group companies in independently administered funds.

**17. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the disclosure exemptions in Financial Reporting Standard No.8 "Related Party Disclosures" not to disclose transactions between entities, 90% or more of whose voting rights are controlled within the same group.

**18. GUARANTEES**

On 31 December 2001, the company entered into a supplemental deed under which a composite guarantee and a mortgage debenture given to National Westminster Bank plc ("NatWest") on 9 June 1999 would respectively guarantee the obligations of SBJ Group Limited, the ultimate parent company, and certain of its subsidiaries arising under a loan facility for £25,300,000 made available by NatWest to SBJ Group Limited and charge certain property by way of security for all its obligations to NatWest under the guarantee and the mortgage debenture. On 23 January 2002, the company entered into an intra group loan agreement with SBJ Group Limited and certain of its other subsidiaries under which it and those other subsidiaries agreed to making loans of up to an aggregate of £25,300,000 to SBJ Group Limited.

**19. PARENT COMPANY**

The parent company and controlling entity of Oldco (No.99) Limited is SBJ Group Limited, a company incorporated in Great Britain and registered in England and Wales. The largest and smallest group of which the company is a member and for which group accounts are drawn up is that of SBJ Group Limited.

A copy of the accounts can be obtained from:

The Secretary  
SBJ Group Limited  
One Hundred Whitechapel  
London  
E1 1JG

**NOTES TO THE ACCOUNTS**

for the year ended 31 December 2003

(continued)

**20. DIRECTORS' INTERESTS**

The directors' interests in the ultimate parent company's share capital as at 31 December 2003 are listed below.

<b>Directors</b>	<b><u>SBJ Group Limited</u></b> <b><u>Fully paid ordinary shares</u></b> <b><u>of 1p each</u></b>	
	1 January 2003	31 December 2003
C R S Birrell	207,711	210,494
G Boden	276,842	280,580
J A Clark	215,205	218,233
P Gray	200,711	203,494

The options listed above confer the right to subscribe for ordinary shares of 1p each in SBJ Group Limited.

The following directors were also interested in Founders Shares of 1p each in SBJ Group Limited:

<b>Directors</b>	<b><u>SBJ Group Limited</u></b> <b><u>Fully paid Founders Shares</u></b> <b><u>of 1p each</u></b>	
	1 January 2003	31 December 2003
C R S Birrell	170	170
G Boden	221	221
J A Clark	164	164
P Gray	163	163

Except as referred to above and in the directors' report, none of the directors were interested in shares or in options over shares or in debentures of, the company or any other group company.