

Reports & Financial Statements

For the year ended 31 March 1999

T L Clowes (Warwick) Limited



T L CLOWES (WARWICK) LIMITED

DIRECTORS:

T L Clowes
Mrs K L Watson
P Dudley
M P Wilson
P J Harris
L Noble

SECRETARY:

J W Allen

REGISTERED OFFICE:

52 Lime Street
LONDON EC3M 7BS

AUDITORS:

Mazars Neville Russell
24 Bevis Marks
LONDON EC3A 7NR

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REPORT OF THE DIRECTORS

The directors present their report and the financial statements of the company for the year ended 31 March 1999.

STATEMENT OF 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 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, subject to any material departures disclosed and explained in the financial statements; and
- 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 maintaining 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REVIEW OF THE BUSINESS

The principal activity of the company continues to be that of an insurance broker, registered with the Insurance Brokers Registration Council.

The company has had another successful year, consolidating on its growth in 1998. Turnover has increased by 5.2% to £1,577,973, primarily due to an expansion of its client base.

The directors are confident that there will be further improvements in the next twelve months.

FUTURE DEVELOPMENTS

The directors believe that the company is well placed to take advantage of the opportunities in the market.

RESULTS AND DIVIDENDS

The results of the company for the year ended 31 March 1999 are set out in the attached financial statements.

The company paid an interim dividend of £0.80 per share (1998 £2) on 24 November 1998 and a second interim dividend of £2.00 per share (1998: £1.20) on 31 March 1999.

YEAR 2000

The directors are taking the appropriate steps to tackle the problems that might arise from the Year 2000 and will comply with the appropriate Year 2000 BSI conformity rules as defined by the BSI.

REPORT OF THE DIRECTORS (continued)

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 April 1998 to the date of this report unless otherwise stated.

Mrs K L Watson and P Dudley are also directors of the holding company, T L Clowes (Insurance Services) Limited, and their interests are disclosed in the financial statements of that company.

T L Clowes
P Dudley
P J Harris
Mrs K L Watson
M P Wilson
L Noble (appointed 1 November 1998)

None of the other directors had any beneficial interest in the share capital of the company.

DONATIONS

During the year the company made charitable donations of £1,615

AUDITORS

On 1 September 1998 our auditors, Neville Russell, changed their name to Mazars Neville Russell. Mazars Neville Russell, have signified their willingness to continue in office and a resolution proposing their re-appointment and to authorise the directors to fix their remuneration will be put to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

 2/7/99

Director

52 Lime Street
LONDON EC3M 7BS

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF

T L CLOWES (WARWICK) LIMITED

We report on the financial statements on pages 4 to 12 which have been prepared following the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 judgments 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 March 1999 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Mares North Russell

CHARTERED ACCOUNTANTS
and Registered Auditors

24 Bevis Marks
LONDON EC3A 7NR

27 July 1999

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 1999

	Notes	1999 £	1998 £
TURNOVER	2	1,577,973	1,499,928
Administrative expenses		<u>(1,554,681)</u>	<u>(1,446,275)</u>
OPERATING PROFIT		23,292	53,653
Income from shares in group undertakings		55,000	80,000
Other interest receivable and similar income		<u>101,136</u>	<u>55,110</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	179,428	188,763
Taxation on profit on ordinary activities	6	<u>(38,679)</u>	<u>(25,000)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		140,749	163,763
Dividends	7	<u>(140,000)</u>	<u>(160,000)</u>
RETAINED PROFIT FOR THE YEAR	14	<u>£749</u>	<u>£3,763</u>

The company's turnover and expenses all relate to continuing operations.

The company has no recognised gains or losses other than the profit for the year which has been calculated on the historical cost basis.

BALANCE SHEET as at 31 March 1999

	Notes	£	1999 £	£	1998 £
FIXED ASSETS					
Tangible assets	8	70,432		35,475	
Investments	9	153,650		153,650	
			224,082		189,125
CURRENT ASSETS					
Debtors	10	726,451		1,046,996	
Cash at bank and in hand	11	1,533,028		984,473	
			2,259,479		2,031,469
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(2,173,845)		(1,926,164)	
NET CURRENT ASSETS			85,634		105,305
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR			(14,537)		-
NET ASSETS			<u>£295,179</u>		<u>£294,430</u>
CAPITAL AND RESERVES					
Called up share capital	13		50,000		50,000
Profit and loss account	14		245,179		244,430
SHAREHOLDERS' FUNDS	14		<u>£295,179</u>		<u>£294,430</u>

Approved by the board of directors on
and signed on its behalf by

 27/3/99

Director

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 1999****1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention. No group accounts have been prepared, as consolidated accounts are produced by the ultimate holding company, T L Clowes (Insurance Services) Limited.

(b) Turnover

Turnover represents brokerage which is taken to credit on the inception date of the policy and profit commission, which is credited when received.

Alteration to broking income arising from premium adjustments are taken into account as and when such adjustments are made.

(c) Depreciation

Depreciation is calculated to write off the cost less estimated residual value of fixed assets on a straight line basis over their estimated useful lives.

Office furniture and equipment	-	33% on cost
Motor vehicles	-	25% on cost
Leasehold improvement	-	25% on cost

(d) Fixed asset investments

Fixed asset investments are valued at the lower of cost less provision for permanent diminution of value.

(e) Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability will crystallise in the foreseeable future, at the rate of tax expected to apply when the timing differences reverse.

(f) Operating lease

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(g) Pension costs

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1999 (continued)

1. ACCOUNTING POLICIES (continued)

(h) Insurance debtors and creditors

The company acts as agents in broking insurable risks of clients and, generally speaking, is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the legal relationship with clients and underwriters, the company has followed generally accepted accounting practice for insurance intermediaries by showing debtors, creditors and cash balances relating to insurance business as assets and liabilities of the company itself.

In the ordinary course of insurance broking business, settlement is required to be made with insurance intermediaries or insurance companies on the basis of the net balance due to or from them, rather than the amount due to or from the individual third parties which it represents. The basis of preparation in these financial statements is to present insurance debtors and creditors gross, without offset.

2. TURNOVER

	1999	1998
	£	£
The turnover is attributable to:		
Insurance brokerage	<u>£1,577,973</u>	<u>£1,499,928</u>
The whole of the turnover is attributable to the UK market.		

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999	1998
	£	£
The profit on ordinary activities before taxation is stated after charging:		
Depreciation:		
- owned tangible fixed assets	34,493	23,507
Auditors' remuneration:		
- audit fee	5,400	5,400
- fees for non-audit services	700	600
Hire of assets	4,241	40,675
Rental - operating leases	37,704	34,500
Profit on disposal of fixed assets	<u>(3,500)</u>	<u>(1,348)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1999 (continued)

4. STAFF COSTS

	1999 £	1998 £
Staff costs, including directors' emoluments:		
Wages and salaries	455,214	445,069
Social security costs	37,288	38,485
Other pension costs	21,459	23,414
	<u>£513,961</u>	<u>£506,968</u>

The average number of persons (including directors) employed by the company during the year was 18 (1998 - 20).

	1999 Number	1998 Number
Administration	4	5
Brokers	14	15
	<u>18</u>	<u>20</u>

5. DIRECTORS

Remuneration	1999 £	1998 £
Emoluments	127,222	138,054
Contributions to money purchase pension schemes	9,575	10,183
	<u>£136,797</u>	<u>£148,237</u>

The emoluments of directors disclosed above include the following amounts paid to the highest paid director:

	Highest paid director 1999 £	1998 £
Emoluments	55,162	50,517
Contributions to money purchase pension schemes	3,600	2,977
	<u>58,762</u>	<u>53,494</u>
	Number	Number
During the period the following number of directors accrued benefits under money purchase pension schemes	3	3

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1999 (continued)

6. TAXATION

	1999 £	1998 £
Based on the profit for the year:		
Corporation tax at 21% (1998: 21%)	37,431	33,280
Under/(over) provision in respect of previous years	1,248	(8,280)
	<u>£38,679</u>	<u>£25,000</u>

7. DIVIDENDS

	1999 £	1998 £
Interim dividend paid of £0.80 per share (1998: £2)	40,000	100,000
Second interim dividend paid of £2.00 per share (1998: £1.20)	100,000	60,000
	<u>£140,000</u>	<u>£160,000</u>

8. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Office Furniture and equipment £	Motor vehicles £	Total £
COST				
At 1 April 1998	16,840	49,072	18,530	84,442
Additions	-	39,948	29,502	69,450
Disposals	-	-	(8,530)	(8,530)
	<u>16,840</u>	<u>89,020</u>	<u>39,502</u>	<u>145,362</u>
At 31 March 1999	16,840	89,020	39,502	145,362
DEPRECIATION				
At 1 April 1998	12,199	28,350	8,418	48,967
Charge for the year	4,641	21,944	7,908	34,493
Disposals	-	-	(8,530)	(8,530)
	<u>16,840</u>	<u>50,294</u>	<u>7,796</u>	<u>74,930</u>
At 31 March 1999	16,840	50,294	7,796	74,930
NET BOOK VALUE				
At 31 March 1999	<u>-</u>	<u>£38,726</u>	<u>£31,706</u>	<u>£70,432</u>
At 31 March 1998	<u>£4,641</u>	<u>£20,722</u>	<u>£10,112</u>	<u>£35,475</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1999 (continued)

9. FIXED ASSET INVESTMENT - GROUP UNDERTAKINGS

	1999 £	1998 £
Cost as at 1 April 1998 and 31 March 1999	<u>£153,650</u>	<u>£153,650</u>

Investments in subsidiaries were as follows:

A 99% holding of £1 ordinary shares in T L Clowes Financial Services Limited, a life and pensions broker.

10. DEBTORS

	1999 £	1998 £
DUE WITHIN ONE YEAR		
Amounts due from clients and insurers	644,097	977,642
Amounts due from group undertakings	63,841	52,825
Other debtors	18,513	4,300
Prepayments	-	12,229
	<u>£726,451</u>	<u>£1,046,996</u>

11. CASH AT BANK AND IN HAND

	1999 £	1998 £
Insurance broking accounts	1,511,302	930,530
Other cash at bank and in hand	<u>21,726</u>	<u>53,943</u>
	<u>£1,533,028</u>	<u>£984,473</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1999 (continued)

12. (a) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Amounts owed to client and insurers	1,871,847	1,426,794
Amounts due to group undertakings on insurance transactions	50,507	269,988
Corporation tax	37,433	33,280
Other taxes and social security	-	3,229
Other creditors	94,487	71,718
Accruals	119,571	121,155
	<u>£2,173,845</u>	<u>£1,926,164</u>

(b) CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	1999 £	1998 £
Hire purchase	<u>£14,537</u>	<u>-</u>

13. SHARE CAPITAL

	Authorised		Allotted, issued and fully paid	
	1999 £	1998 £	1999 £	1998 £
Ordinary shares of £1 each	<u>£100,000</u>	<u>£100,000</u>	<u>£50,000</u>	<u>£50,000</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 1 April 1997	50,000	240,667	290,667
Profit for the year	-	3,763	3,763
	<u>50,000</u>	<u>244,430</u>	<u>294,430</u>
Balance at 31 March 1998	50,000	244,430	294,430
Profit for the year	-	140,749	140,749
Dividend	-	(140,000)	(140,000)
	<u>50,000</u>	<u>£245,179</u>	<u>£295,179</u>
Balance at 31 March 1999	<u>£50,000</u>	<u>£245,179</u>	<u>£295,179</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1999 (continued)

15. OTHER FINANCIAL COMMITMENTS

At 31 March 1999 the company was committed to making the following payments under operating leases in the year to 31 March 2000.

	1999		1998	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating leases which expire:				
Within 1 year	2,670	-	3,560	-
Between 2 and 5 years	124,487	44,991	34,500	38,197
	<u>£127,157</u>	<u>£44,991</u>	<u>£38,060</u>	<u>£38,197</u>

16. ULTIMATE PARENT COMPANY

The company is a subsidiary of T L Clowes & Co Limited and the ultimate parent company is T L Clowes (Insurance Services) Limited.

17. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £21,459 (1998: £23,414).

18. COMMITMENT

The company is a party to an agreement whereby, inter-alia, it guarantees the liabilities of its ultimate holding company, T L Clowes (Insurance Services) Limited, to Lloyds Bank Plc. At 31 March 1999, the indebtedness amounted to £376,100 (1998: £564,500).

19. RELATED PARTIES

The company is exempt under FRS8 from disclosing transactions with other group companies as it is part of a group and consolidated financial statements are publicly available.