

T L CLOWES (WARWICK) LIMITED

(Registered No.: 1970491)

FINANCIAL STATEMENTS

30 APRIL 2003



T L CLOWES (WARWICK) LIMITED

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T L CLOWES (WARWICK) LIMITED

DIRECTORS, OFFICERS AND ADVISORS

DIRECTORS:

V H Thompson
P Dudley – Joint Managing Director
M P Wilson – Joint Managing Director
Mrs G M Cotter
P J Harris
P L Cross
L Noble

SECRETARY:

M E Head

REGISTERED NUMBER:

1970491

REGISTERED OFFICE:

Murray House, Murray Road
Orpington
Kent
BR5 3QY

AUDITORS:

Grant Thornton
London
Registered Auditors
Chartered Accountants

BANKERS:

Lloyds TSB Bank plc

T L CLOWES (WARWICK) LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements of the company for the year ended 30 April 2003.

REVIEW OF THE BUSINESS

The principal activity of the company continues to be that of an insurance broker.

The directors believe the company is well positioned for growth in the current market conditions, within the Thompson Heath & Bond group of brokers.

RESULTS AND DIVIDENDS

The results of the company for the year ended 30 April 2003 are set out in the attached financial statements.

The directors recommend the payment of a final dividend of £4 per share (2002: nil).

CHANGE OF OWNERSHIP

On 20 December 2001 the entire share capital of the company's parent company, THB UK Limited (formerly T L Clowes (Insurance Services) Limited), was sold to Thompson Heath & Bond (Holdings) Limited.

REGULATION OF THE COMPANY

The company became a member of the General Insurance Standards Council on 17 May 2001 following the repeal of the Insurance Brokers (Registration) Act 1977 on 30 April 2001.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 May 2002 to the date of this report unless otherwise stated.

P Dudley
P J Harris
M P Wilson
L Noble
P L Cross
M Boon (resigned 30 June 2002)
V H Thompson
Mrs G M Cotter

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

T L CLOWES (WARWICK) LIMITED**REPORT OF THE DIRECTORS (continued)****DIRECTORS (continued)**

The interests of each director and their immediate families in the shares of the parent company, THB Group plc, as at 30 April 2003, all of which are beneficial, are as indicated below.

	30 April 2003 Ordinary shares of 10p each	1 May 2002 Ordinary shares of 10p each
V H Thompson	7,287,000	7,526,000
G M Cotter	540,753	425,253
P Dudley	1,060,578	1,060,578
P J Harris	16,969	16,969
M P Wilson	25,454	25,454
L Noble	16,969	16,969
P L Cross	4,242	4,242

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period 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. The directors are responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom. 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.

DONATIONS

During the period the company made charitable donations of £nil (2002: £1,722).

AUDITORS

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



Company Secretary
Murray House
Murray Road
Orpington, Kent. BR5 3QY
21 August 2003

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
T L CLOWES (WARWICK) LIMITED**

We have audited the financial statements of T L Clowes (Warwick) Limited for the year ended 30 April 2003 which comprise the profit and loss account, the balance sheet and notes 1 to 19. 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 the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 4.

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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit 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 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 30 April 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
London

21 August 2003

T L CLOWES (WARWICK) LIMITED**PROFIT AND LOSS ACCOUNT**
For the year ended 30 April 2003

		Year ended 30 April 2003 £	13 month period ended 30 April 2002 £
	Notes		
TURNOVER	2	3,288,004	2,250,838
Operating charges	3	<u>(2,835,162)</u>	<u>(2,503,840)</u>
OPERATING PROFIT / (LOSS)		452,842	(253,002)
Interest receivable and similar income		127,158	106,409
Interest payable		<u>-</u>	<u>(4,433)</u>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		580,000	(151,026)
Taxation on profit on ordinary activities	6	<u>(190,818)</u>	<u>47,810</u>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		389,182	(103,216)
Dividend	7	<u>(200,000)</u>	<u>-</u>
RETAINED PROFIT / (LOSS) FOR THE PERIOD	13	<u><u>189,182</u></u>	<u><u>(103,216)</u></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 period which has been calculated on the historical cost basis.


The accompanying accounting policies and notes form an integral part of these financial statements.

T L CLOWES (WARWICK) LIMITED

BALANCE SHEET as at 30 April 2003

	Notes	2003 £	2002 £
CURRENT ASSETS			
Debtors	8	3,768,707	4,059,145
Cash at bank and in hand	9	3,839,969	2,087,222
		<u>7,608,676</u>	<u>6,146,367</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(7,038,770)	(5,765,643)
		<u>569,906</u>	<u>380,724</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	12	50,000	50,000
Profit and loss account	13	519,906	330,724
		<u>569,906</u>	<u>380,724</u>
SHAREHOLDERS' FUNDS	13	<u>569,906</u>	<u>380,724</u>

The financial statements were approved by the Board of Directors on 21 August 2003


V H Thompson
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

T L CLOWES (WARWICK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 30 April 2003****1. ACCOUNTING POLICIES****(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Other than as stated in note 1 (c), the principal accounting policies of the company have remained unchanged from the previous year and are set out below.

(b) Turnover

Turnover comprises net retained earnings from brokerage and fees.

(c) Brokerage

Credit is taken for brokerage when the insured is charged with the relevant premium irrespective of the inception date or the period of the policy. Alterations in brokerage arising from premium adjustments are taken into account as and when such adjustments are made.

In previous years, where premiums are payable by instalments, credit was taken when the instalment was due. The effect of this change in policy is not considered material.

(d) Taxation

The charge for taxation is based on the profit or loss for the year at current rates of tax and takes into account deferred taxation on all timing differences between the treatment of certain items for statutory accounts' purposes and their treatment for corporation tax purposes.

Deferred taxation is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised where it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

(e) Operating leases

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

(f) 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.

(g) Foreign currencies

Assets and liabilities are translated at the rates ruling on the balance sheet date. Differences on exchange arising on foreign currency trading transactions are dealt with in the profit and loss account.

T L CLOWES (WARWICK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 April 2003 (continued)

2. TURNOVER

The turnover and profit before taxation are attributable to insurance broking.

Turnover was received from activities in the following geographical areas:

	Year ended 30 April 2003 £	13 month period ended 30 April 2002 £
United Kingdom	3,034,536	1,904,380
United States of America	253,468	346,458
	<u>3,288,004</u>	<u>2,250,838</u>

3. OPERATING CHARGES

	Year ended 30 April 2003 £	13 month period ended 30 April 2002 £
Administrative expenses	-	1,592,801
Management charges from holding company	2,835,162	911,039
	<u>2,835,162</u>	<u>2,503,840</u>

On 20 December 2001 all the employees of the company became employees of THB Group plc (formerly Thompson Heath & Bond (Holdings) Limited). Their costs from that date comprise part of the management charge above.

Operating charges include:

Depreciation of owned tangible fixed assets	-	59,410
Auditors' remuneration:		
- audit fee	7,051	15,179
- fees for non-audit services	-	26,358
Operating leases – land and buildings	-	86,600
Operating leases – other assets	-	64,653
	<u>-</u>	<u>196,621</u>

The audit fee for 2003 forms part of the management charge from the ultimate holding company. The figures for auditors' remuneration in 2002 include amounts paid to the previous auditors.

T L CLOWES (WARWICK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 30 April 2003 (continued)**4. STAFF COSTS**

	Year ended 30 April 2003 £	13 month period ended 30 April 2002 £
Total staff costs were:		
Wages and salaries	-	563,366
Social security costs	-	57,375
Other pension costs	-	53,861
	<u>-</u>	<u>674,602</u>

Staff costs for the period ended 30 April 2002 comprise costs from 1 April 2001 to 20 December 2001. At that date, all employees were transferred to THB Group plc (formerly Thompson Heath & Bond (Holdings) Limited).

The average number of persons, including directors, employed by the company during the period was nil (2002: 38).

5. DIRECTORS

	Year ended 30 April 2003 £	13 month period ended 30 April 2002 £
Emoluments	467,083	295,148
Contributions to money purchase pension schemes	33,507	23,281
	<u>500,590</u>	<u>318,429</u>

The emoluments of directors disclosed above exclude amounts borne by other group companies, and where the directors do not perform any day to day activities for the company.

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

	£	£
Emoluments	115,884	118,448
Contributions to money purchase pensions schemes	12,077	9,375
	<u>127,961</u>	<u>127,823</u>

During the period the following number of directors accrued benefits under money purchase pension schemes

Number	Number
<u>8</u>	<u>5</u>

T L CLOWES (WARWICK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 30 April 2003 (continued)**6. TAXATION**

	Year ended 30 April 2003 £	13 month period ended 30 April 2002 £
Based on the profit for the period:		
Corporation tax charge / (credit) at 30% (2002: 30%)	171,666	(45,308)
Under / (over)provision in respect of previous years	19,152	(2,502)
	<u>190,818</u>	<u>(47,810)</u>
Factors affecting the tax charge for the year:		
Profit / (loss) on ordinary activities before taxation	<u>580,000</u>	<u>(151,026)</u>
Tax at standard rate of UK corporation tax of 30%	174,000	(45,308)
Effect of:		
Capital allowances in excess of depreciation	(2,334)	-
Adjustments to prior periods	<u>19,152</u>	<u>(2,502)</u>
Current tax charge	<u>190,818</u>	<u>(47,810)</u>

7. DIVIDEND

	Year ended 30 April 2003 £	13 month period ended 30 April 2002 £
Final dividend of £4 per share (2002: nil)	<u>200,000</u>	<u>-</u>

8. DEBTORS

	2003 £	2002 £
Amounts due from clients and insurers - IBA	3,768,707	3,983,740
Amounts due from group undertakings - IBA	-	10,260
Corporation tax	-	65,145
	<u>3,768,707</u>	<u>4,059,145</u>

All amounts fall due within one year.

T L CLOWES (WARWICK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 April 2003 (continued)

9. CASH AT BANK AND IN HAND

	2003 £	2002 £
Insurance broking accounts	3,832,069	2,082,235
Other cash at bank and in hand	7,900	4,987
	<u>3,839,969</u>	<u>2,087,222</u>

10. INSURANCE BALANCES

- (a) Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable for amounts arising from such transactions. Notwithstanding the legal relationships with clients and insurers, insurance brokers are entitled to retain investment income on any cash flows arising from insurance broking transactions and, consequently, debtors and creditors arising from such transactions are shown as assets and liabilities of the company.
- (b) The company complies with financial reporting standard No 5 ("FRS 5") – reporting the substance of transactions. FRS 5 requires that debit and credit balances arising from insurance broking transactions are reported as separate assets or liabilities unless such balances are due to or from the same party and the offset would survive the insolvency of that party. For the avoidance of doubt, no offset of assets and liabilities has been recognised in these financial statements.
- (c) The level of insurance broking debtors is not an indication of credit risk because the position of the insurance broker as agent means that generally the credit risk is borne by the principals. Nor is it an indication of future cash flows as it is normal practice for insurance brokers to settle accounts with clients, insurers, other intermediaries and market settlement bureaux on a net basis. The simultaneous recording of an insurance broking transaction between client and insurer results in a high level of correlation between insurance broking debtors and creditors.
- (d) The company monies held in insurance broking accounts (as defined by the General Insurance Standards Council) together with monies due to the company from insurance debtors exceed the amount due to insurance creditors by £1,953,029 (2002 - £649,542).

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Amounts owed to clients and insurers	5,647,747	5,153,974
Amounts due to group undertakings on insurance transactions	-	272,719
Amounts due to group undertakings	1,065,350	338,950
Dividend	200,000	-
Corporation tax	125,673	-
	<u>7,038,770</u>	<u>5,765,643</u>

T L CLOWES (WARWICK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 30 April 2003 (continued)**12. SHARE CAPITAL**

	Authorised		Allotted, issued and fully paid	
	2003	2002	2003	2002
	£	£	£	£
Ordinary shares of £1 each	100,000	100,000	50,000	50,000

13. PROFIT AND LOSS ACCOUNT

	£
Balance at 30 April 2002	330,724
Retained profit for the period	189,182
	<hr/>
Balance at 30 April 2003	519,906
	<hr/>
Reconciliation of movements in shareholders' funds	
	£
Opening shareholders' funds	380,724
Retained profit for the period	189,182
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Closing shareholders' funds	569,906
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14. CASH FLOW STATEMENT

A cash flow statement has not been prepared because the company is a wholly owned subsidiary of a company incorporated in the United Kingdom which prepares group financial statements including a group cash flow statement.

15. PENSION COMMITMENTS

The company operated 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 £nil (2002: £53,861).

T L CLOWES (WARWICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 April 2003 (continued)

16. CAPITAL COMMITMENTS

There were no capital commitments at 30 April 2003 or 30 April 2002.

17. CONTINGENT LIABILITIES

The company has provided an unlimited cross-guarantee as additional security in connection with secured borrowings held by THB Group plc (formerly Thompson Heath & Bond (Holdings) Limited).

18. ULTIMATE PARENT COMPANY

The immediate parent company is THB UK Limited (formerly T L Clowes (Insurance Services) Limited).

From 20 December 2001, the ultimate parent company became THB Group plc (formerly Thompson Heath & Bond (Holdings) Limited) when it acquired the entire share capital of T L Clowes (Insurance Services) Limited.

The largest and smallest group of undertakings for which group financial statements have been drawn up is that headed by THB Group plc. Copies of the group accounts are available on request and can be obtained from Murray House, Murray Road, Orpington, Kent, BR5 3QY.

19. RELATED PARTY TRANSACTIONS

As a wholly-owned subsidiary of THB UK Limited, the company is exempt from the requirements of FRS8 to disclose transactions with other members of the group headed by THB Group plc on the grounds that financial statements are publicly available from Companies House.