

**T L CLOWES (WARWICK) LIMITED**

**(Registered No.: 1970491)**

**FINANCIAL STATEMENTS**

**30 APRIL 2002**





**T L CLOWES (WARWICK) LIMITED**

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**T L CLOWES (WARWICK) LIMITED**

**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 Head

**REGISTERED OFFICE:**

12 Poverest Road  
Orpington  
Kent, BR5 2TP

**AUDITORS:**

Grant Thornton  
London



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

The directors present their report and the financial statements of the company for the 13 months ended 30 April 2002.

**REVIEW OF THE BUSINESS**

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

The business was adversely affected during the period when one of its major insurers, Independent Insurance Company (IIC) was placed in provisional liquidation on 18 June 2001.

The company has provided £312,000 in the period ended 30 April 2002 against irrecoverable sums due from IIC and for brokerage due in respect of return premiums which will be paid to IIC and various clients. This provision is based on the compromise offer agreed in general terms with the provisional liquidators of IIC by the company and most other insurance brokers who had a trading relationship with IIC.

The strength and skills of the directors and employees were demonstrated by their ability to find replacement insurers for the business placed with IIC, and to retain the vast majority of their clients.

In recognition of his contribution (and the wider group role being undertaken in future by Paul Dudley) Mike Wilson was appointed as joint managing director during the period.

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 13 months ended 30 April 2002 are set out in the attached financial statements.

The directors do not recommend the payment of any dividend.

**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 April 2001 to the date of this report unless otherwise stated.

T L Clowes (resigned 16 April 2002)  
P Dudley  
P J Harris  
Mrs K L Watson (resigned 25 February 2002)  
M P Wilson  
L Noble  
P L Cross (appointed 6 February 2002)  
M Boon (appointed 19 April 2001, resigned 30 June 2002)  
V H Thompson (appointed 20 December 2001)  
Mrs G M Cotter (appointed 20 December 2001)



**T L CLOWES (WARWICK) LIMITED**

**REPORT OF THE DIRECTORS (continued)**

**DIRECTORS (continued)**

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

V H Thompson and Mrs G M Cotter are also directors of the ultimate holding company, Thompson Heath & Bond (Holdings) Limited, and their interests are disclosed in the financial statements of that company.

**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 £1,722 (2001: £3,805).

**AUDITORS**

Grant Thornton were appointed auditors on 20 December 2001 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. They 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



Company Secretary

12 Poverest Road  
Orpington  
Kent  
BR5 2TP

2 August 2002



**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 period ended 30 April 2002 which comprise the profit and loss account, the balance sheet, the principal accounting policies and notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of the directors and auditors**

The directors' responsibilities for preparing the annual 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 annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report. 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 2002 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

London  
2 August 2002



## T L CLOWES (WARWICK) LIMITED

## PROFIT AND LOSS ACCOUNT

For the 13 months ended 30 April 2002

	Notes	Period ended 30 April 2002 £	Year ended 31 March 2001 £
TURNOVER	2	2,250,838	2,025,101
Operating charges	3	<u>(2,503,840)</u>	<u>(1,908,248)</u>
OPERATING (LOSS) / PROFIT		(253,002)	116,853
Interest receivable and similar income		106,409	174,111
Interest payable		<u>(4,433)</u>	<u>-</u>
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(151,026)	290,964
Taxation on profit on ordinary activities	6	<u>47,810</u>	<u>(105,762)</u>
RETAINED (LOSS) / PROFIT FOR THE PERIOD	13	<u><u>(103,216)</u></u>	<u><u>185,202</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 2002

	Notes	30 April 2002		31 March 2001	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		-		85,717
CURRENT ASSETS					
Debtors	8	4,059,145		2,411,905	
Cash at bank and in hand	9	2,087,222		1,341,889	
		6,146,367		3,753,794	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(5,765,643)		(3,355,571)	
NET CURRENT ASSETS			380,724		398,223
NET ASSETS			380,724		483,940
CAPITAL AND RESERVES					
Called up share capital	12		50,000		50,000
Profit and loss account	13		330,724		433,940
SHAREHOLDERS' FUNDS	13		380,724		483,940

The financial statements were approved by the board of directors on 2 August 2002

  
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 13 months ended 30 April 2002****1. ACCOUNTING POLICIES****(a) Basis of preparation**

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

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. Where premiums are payable by instalments, credit is taken when the instalment is due. Alterations in brokerage arising from premium adjustments are taken into account as and when such adjustments are made.

**(d) 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.

The rates for depreciation used are as follows:

Motor vehicles	- 20% on cost
Office furniture and equipment	- 15% - 33% on cost
Improvements to leased property	- Over the remaining period of the lease

**(e) 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.

**(f) 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.



**T L CLOWES (WARWICK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the 13 months ended 30 April 2002 (continued)****1. ACCOUNTING POLICIES (continued)****(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.

**2. TURNOVER**

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

Turnover was received from activities in the following geographical areas:

	<b>Period ended 30 April 2002 £</b>	<b>Year ended 31 March 2001 £</b>
United Kingdom	1,904,380	1,778,955
United States of America	346,458	246,146
	<u>2,250,838</u>	<u>2,025,101</u>

**3. OPERATING CHARGES**

	<b>Period ended 30 April 2002 £</b>	<b>Year ended 31 March 2001 £</b>
Administrative expenses	1,592,801	1,450,359
Management charges from holding company	911,039	457,889
	<u>2,503,840</u>	<u>1,908,248</u>

On 20 December 2001 all the employees of the company became employees of 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	47,309
Auditors' remuneration:		
- audit fee	15,179	9,000
- fees for non-audit services	26,358	2,574
Operating leases – land and buildings	86,600	81,859
Operating leases – other assets	64,653	52,212
	<u></u>	<u></u>

The figures for auditors' remuneration included amounts paid to the previous auditors.



**T L CLOWES (WARWICK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the 13 months ended 30 April 2002 (continued)****4. STAFF COSTS**

	<b>Period ended 30 April 2002 £</b>	<b>Year ended 31 March 2001 £</b>
Total staff costs were:		
Wages and salaries	563,366	703,313
Social security costs	57,375	70,942
Other pension costs	53,861	34,289
	<u>674,602</u>	<u>808,544</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 Thompson Heath & Bond (Holdings) Limited.

The average number of persons, including directors, employed by the company during the period was 38 (2001: 33).

**5. DIRECTORS**

	<b>Period ended 30 April 2002 £</b>	<b>Year ended 31 March 2001 £</b>
Emoluments	295,148	205,269
Contributions to money purchase pension schemes	23,281	17,992
	<u>318,429</u>	<u>223,261</u>

The figures above include amounts charged to the company by management charge from other group companies.

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

Emoluments	118,448	71,312
Contributions to money purchase pensions schemes	9,375	8,600

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

<b>Number</b>	<b>Number</b>
<u>5</u>	<u>4</u>



## T L CLOWES (WARWICK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the 13 months ended 30 April 2002 (continued)

## 6. TAXATION

	Period ended 30 April 2002 £	Year ended 31 March 2001 £
Based on the profit for the period:		
Corporation tax credit / (charge) at 30% (2001: 30%)	45,308	(104,294)
Over/(under) provision in respect of previous years	2,502	(1,468)
	<u>47,810</u>	<u>(105,762)</u>

## 7. TANGIBLE FIXED ASSETS

	Improvements to leased properties	Office furniture & equipment £	Motor vehicles £	Total £
<b>COST</b>				
At 1 April 2001	-	169,275	44,625	213,900
Additions	7,207	39,121	-	46,328
Transfers from group companies	-	-	16,570	16,570
Transfers to group companies	(7,207)	(208,396)	(61,195)	(276,798)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 April 2002	-	-	-	-
<b>DEPRECIATION</b>				
At 1 April 2001	-	107,149	21,034	128,183
Charge for the period	1,335	42,251	13,799	57,385
Transfers from group companies	-	-	4,695	4,695
Transfers to group companies	(1,335)	(149,400)	(39,528)	(190,263)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 April 2002	-	-	-	-
<b>NET BOOK VALUE</b>				
At 30 April 2002	-	-	-	-
At 31 March 2001	-	62,126	23,591	85,717

At 30 April 2002 the assets were transferred to Thompson Heath & Bond (Holdings) Limited at book value.



**T L CLOWES (WARWICK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the 13 months ended 30 April 2002 (continued)****8. DEBTORS**

	<b>30 April 2002 £</b>	<b>31 March 2001 £</b>
Amounts due from clients and insurers - IBA	3,983,740	2,306,512
Amounts due from group undertakings - IBA	10,260	12,867
Amounts due from group undertakings	-	18,716
Corporation tax	65,145	-
Other debtors	-	10,495
Prepayments	-	63,315
	<hr/>	<hr/>
	4,059,145	2,411,905
	<hr/>	<hr/>

All amounts fall due within one year.

All non-insurance debtors were transferred to Thompson Heath & Bond (Holdings) Limited at 30 April 2002 at book value.

**9. CASH AT BANK AND IN HAND**

	<b>£</b>	<b>£</b>
Insurance broking accounts	2,082,235	1,332,337
Other cash at bank and in hand	4,987	9,552
	<hr/>	<hr/>
	2,087,222	1,341,889
	<hr/>	<hr/>

**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 £649,542 (31 March 2001 - £725,185).



**T L CLOWES (WARWICK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the 13 months ended 30 April 2002 (continued)****11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	£	£
Obligations under hire purchase contracts	-	9,463
Amounts owed to clients and insurers	5,153,974	2,634,343
Amounts due to group undertakings on insurance transactions	272,719	292,188
Amounts due to group undertakings	338,950	79,937
Corporation tax	-	105,929
Other taxes and social security	-	69,263
Other creditors	-	101,861
Accruals	-	62,587
	<u>5,765,643</u>	<u>3,355,571</u>

All non-insurance other creditors and accruals were transferred to Thompson Heath & Bond (Holdings) Limited at 30 April 2002 at book value.

**12. SHARE CAPITAL**

	<b>Authorised</b>		<b>Allotted, issued and fully paid</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	£	£	£	£
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>50,000</u>	<u>50,000</u>

**13. PROFIT AND LOSS ACCOUNT**

	£
Balance at 31 March 2001	433,940
Retained loss for the period	<u>(103,216)</u>
Balance at 30 April 2002	<u>330,724</u>
Reconciliation of movements in shareholders' funds	
	£
Opening shareholders' funds	483,940
Retained loss for the period	<u>(103,216)</u>
Closing shareholders' funds	<u>380,724</u>

**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 accounts including a group cash flow statement.



**T L CLOWES (WARWICK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the 13 months ended 30 April 2002 (continued)****15. OPERATING LEASE COMMITMENTS**

At 30 April 2002 the company was committed to making the following payments under operating leases in the year to 30 April 2003.

	<b>2002</b>		<b>2001</b>	
	<b>Land and Buildings £</b>	<b>Other £</b>	<b>Land and Buildings £</b>	<b>Other £</b>
Operating leases which expire:				
Within 1 year	-	-	17,093	-
Between 2 and 5 years	-	-	93,880	48,358
	<u>-</u>	<u>-</u>	<u>110,973</u>	<u>48,358</u>
	<u>-</u>	<u>-</u>	<u>110,973</u>	<u>48,358</u>

All commitments under operating leases were transferred to Thompson Heath & Bond (Holdings) Limited on 30 April 2002.

**16. 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 £53,861 (2001: £34,289).

**17. CONTINGENT LIABILITIES**

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

**18. ULTIMATE PARENT COMPANY**

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

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

Thompson Heath & Bond (Holdings) Limited, a company registered in England and Wales, produces consolidated group accounts which are available on request from 12 Poverest Road, Orpington, Kent, BR5 2TP. This is the only group of companies for which group accounts are prepared.

**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 Thompson Heath & Bond (Holdings) Limited on the grounds that accounts are publicly available from Companies House.