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**MILBOURNE INSURANCE SERVICES LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**30th JUNE 1993**

21.11.93  
60135

**Milbourne Insurance Services Limited****Directors**

R.B.W. Milne  
B. Packham  
N.S. Risner

**Secretary and Registered Office**

EPS Secretaries Limited  
66-70 Coombe Road, New Malden, Surrey, KT3 4QW

**Auditors**

Moore Stephens  
Chartered Accountants  
St. Paul's House, Warwick Lane, London, EC4P 4BN

**Report of the Directors**

The directors present their report and audited financial statements for the year ended 30th June 1993.

**Review of Activities**

The principal activity of the company during the year continued to be that of Insurance broking. The directors foresee no significant changes in the future activities of the company.

**Results and Dividends**

The profit for the financial year amounted to £12,444. It is recommended that this amount is transferred to reserves.

The directors do not recommend the payment of a dividend for the year.

**Directors' Interests**

The directors had no beneficial interests in the share capital of the company at any time during the year as defined by the Companies Act 1985.

Messrs. N.S. Risner and R.B.W. Milne are directors of the holding company, Milbourne Holdings Limited, and details of their interests therein are shown in the report of the directors of that company for the year ended 30th June 1993.

Mr. B. Packham had no interest in the share capital of the holding company at any time during the year.

**Auditors**

The auditors Moore Stephens, are willing to continue in office. A resolution for their reappointment and authorising the directors to fix their remuneration will be submitted to the forthcoming Annual General Meeting.

By Order of the Board

  
EPS SECRETARIES LIMITED

Secretary

30 NOV 1993

**Milbourne Insurance Services Limited****Statement of Directors' Responsibilities  
For the year ended 30th June 1993**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) 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 records which disclose with reasonable accuracy at any time the financial position of the company and 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.

**Report of the Auditors to the Members of  
Milbourne Insurance Services Limited**

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**Respective Responsibilities of Directors and Auditors**

As described on page 2 the company's directors are responsible for the preparation of 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 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 misstatements, 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 at 30th June 1993 and of its profit and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House,  
London, EC4P 4BN

30 NOV 1993

*M. W. Stephens*  
MOORE STEPHENS

Registered Auditor  
Chartered Accountants

## Milbourne Insurance Services Limited

**Profit and Loss Account**  
**For the year ended 30th June 1993**

	<u>Note</u>	<u>1993</u>	<u>1992</u>
<b>Turnover</b>		459,301	402,207
<b>Cost of sales</b>		(74,263)	(48,148)
		<hr/>	<hr/>
<b>Gross Profit</b>		385,038	354,059
<b>Net operating expenses</b>	2	(373,515)	(459,315)
		<hr/>	<hr/>
<b>Operating Profit/(Loss)</b>	3	11,523	(105,256)
<b>Interest receivable</b>		2,863	2,473
<b>Interest payable and similar charges</b>	4	(1,942)	(5,035)
		<hr/>	<hr/>
<b>Profit/(Loss) on Ordinary Activities before Taxation</b>		12,444	(107,818)
<b>Taxation on ordinary activities</b>	6	-	15,776
		<hr/>	<hr/>
<b>Profit/(Loss) for the Financial Year</b>		12,444	(92,042)
<b>Retained (Loss)/Profit brought forward</b>		(79,534)	12,508
		<hr/>	<hr/>
<b>Retained Loss carried forward</b>		£ (67,090)	£ (79,534)
		<hr/>	<hr/>

There were no recognised gains or losses other than those in the profit and loss account.

## Milbourne Insurance Services Limited

## Balance Sheet - 30th June 1993

	Note	1993	1992
<b>Fixed Assets</b>			
Tangible assets	7	19,131	23,124
Investments	8	-	-
		<u>19,131</u>	<u>23,124</u>
<b>Current Assets</b>			
Debtors	9	92,156	110,210
Cash at bank and in hand		89,962	17,101
		<u>182,118</u>	<u>127,311</u>
<b>Creditors, amounts falling due within one year</b>	10	(206,925)	(141,345)
		<u>(206,925)</u>	<u>(141,345)</u>
<b>Net Current Liabilities</b>		(24,807)	(14,034)
<b>Assets less Current Liabilities</b>		<u>(5,673)</u>	<u>9,090</u>
<b>Creditors, amounts falling due after more than one year</b>	11	(414)	(6,624)
<b>Provisions for liabilities and charges</b>	12	(60,000)	(81,000)
		<u>(60,000)</u>	<u>(81,000)</u>
<b>Net Liabilities</b>		£ (66,090)	£ (78,534)
<b>Capital and Reserves</b>			
Called up share capital	13	1,000	1,000
Profit and loss account		(67,090)	(79,534)
		<u>(66,090)</u>	<u>(78,534)</u>
		£ (66,090)	£ (78,534)

These financial statements were approved by the Board on  
and signed on their behalf by

30 NOV 1993

R.B.W. MILNE

B. PACKHAM

) *R. B. W. Milne*  
 ) Directors  
 ) *B. Packham*

## Milbourne Insurance Services Limited

## Cash flow statement for the year ended 30th June 1993

	Note	1993	1992
Net cash inflow from operating activities	16	95,082	45,964
<b>Returns on investment and servicing of finance</b>			
Interest received		2,863	2,473
Interest paid		-	(183)
Finance lease interest paid		(1,942)	(4,852)
Net cash outflow from returns on investment and servicing of finance		921	(2,502)
<b>Taxation</b>			
Repayment of corporation tax		15,965	-
Net tax received		15,965	-
<b>Investing Activities</b>			
Payments to acquire fixed assets		(5,470)	(135)
Payments to acquire shares		(1,000)	-
Net cash outflow from investing activities		(6,470)	(135)
Net cash inflow before financing		105,498	43,267
<b>Financing</b>			
Payments in respect of finance leases	19	(12,555)	(15,531)
Net cash outflow from financing		(12,555)	(15,531)
<b>Increase in Cash and Cash Equivalents</b>	17	£ 92,943	£ 27,736

# **Milbourne Insurance Services Limited**

## **Notes to the Financial Statements - 30th June 1993**

### **1. Principal Accounting Policies**

#### **1.1 Basis of accounting**

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

#### **1.2 Turnover**

Turnover consists of insurance brokerage and commissions.

Insurance broking commissions are generally recognised at the time the client is debited with the premium.

#### **1.3 Insurance broking assets and liabilities**

i) The company acts as an agent in broking the insurable risks of its clients. Generally, it is not liable as a principal for either premiums due to underwriters or for claims or return premiums payable to clients.

ii) Since, in practice, premiums and claims monies are usually accounted for by insurance intermediaries the company has, notwithstanding its legal relationship with clients and underwriters, followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance broking business as assets and liabilities of the company itself.

#### **1.4 Hire purchase contracts**

The cost of assets held under hire purchase contracts is included in tangible fixed assets, and depreciation is provided so as to write off the cost over their expected useful lives at the rates detailed below. The interest cost is charged in accordance with the rule of 78 over the contract term, and the capital element of future contract payments is included in creditors.

#### **1.5 Depreciation of tangible assets**

Provision is made for depreciation on all tangible assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Furniture and equipment	20% per annum on cost
Motor vehicles	20% per annum on cost

#### **1.6 Clawback of commission income**

A provision is made on all new business written, for the potential clawback of commission income on life policies terminated early.

#### **1.7 Operating leases**

Rentals in respect of operating leases are charged to the profit and loss account as they fall due.

#### **1.8 Deferred taxation**

Provision is made by the liability method for all timing differences which are expected to be reversed in the foreseeable future.



# Milbourne Insurance Services Limited

## Notes to the Financial Statements - 30th June 1993 (Continued)

### 2. Net Operating Expenses

	<u>1993</u>	<u>1992</u>
Administrative expenses	374,027	459,331
Less: Other operating income	(512)	(16)
	<hr/>	<hr/>
	£ 373,515	£ 459,315
	<hr/>	<hr/>

### 3. Operating Profit/(Loss)

	<u>1993</u>	<u>1992</u>
Operating profit/(loss) is stated after charging:	£	£
Directors' emoluments	86,651	85,460
Auditors' remuneration	5,000	5,000
Accountancy fees	1,000	1,000
Depreciation - owned assets	4,193	(7,693)
Depreciation - leased assets	5,270	2,051
Operating lease rentals	8,702	8,571
Adjustment for disposal of fixed assets	-	23,540
Exceptional item	-	77,139
	<hr/>	<hr/>

The exceptional item relates to the clawback of commission on life policies terminated prematurely.

### 4. Interest Payable and Similar Charges

	<u>1993</u>	<u>1992</u>
Bank interest	-	185
Finance lease	1,942	4,852
	<hr/>	<hr/>
	£ 1,942	£ 5,035
	<hr/>	<hr/>

**Milbourne Insurance Services Limited**

**Notes to the Financial Statements - 30th June 1983  
(Continued)**

**5. Directors and Employees**

Directors' emoluments

	<u>1993</u>	<u>1992</u>
Staff costs include the following emoluments in respect of directors of the company:		

Other emoluments including pension contributions	£ 86,651	£ 85,460
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The highest paid director received, excluding pension contributions	£ 54,664	£ 54,406
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The number of other directors whose emoluments  
were within the ranges was:-

	<u>Number</u>	<u>Number</u>
£0 - £5,000	1	1
£30,001 - £35,000	1	1

Staff costs during the year were as follows:

Wages and salaries	184,227	201,695
Social security costs	20,013	21,184
Other pension costs	659	627

	£ 204,899	£ 223,506
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The average weekly number of persons employed  
by the company during the year was:

	<u>Number</u>	<u>Number</u>
Category		
Management	2	2
Administration	6	9
	8	11

**6. Taxation on Ordinary Activities**

	<u>1993</u>	<u>1992</u>
United Kingdom corporation tax based on the results for the year as adjusted for taxation purposes at 33% (1992 - 33%)	-	(13,976)
Overprovision in previous years	-	(1,800)
	£ -	£ (15,776)

**Milbourne Insurance Services Limited**

**Notes to the Financial Statements - 30th June 1993  
(Continued)**

**7. Tangible Fixed Assets**

	<u>Furniture and Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
Cost			
At 1st July 1992	27,557	26,349	53,906
Additions	5,470	-	5,470
	<hr/>	<hr/>	<hr/>
At 30th June 1993	£ 33,027	£ 26,349	£ 59,376
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1st July 1992	20,681	10,101	30,782
Charge for the year	4,193	5,270	9,463
	<hr/>	<hr/>	<hr/>
At 30th June 1993	£ 24,874	£ 15,371	£ 40,245
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 30th June 1993	£ 8,153	£ 10,978	£ 19,131
	<hr/>	<hr/>	<hr/>
At 30th June 1992	£ 6,876	£ 16,248	£ 23,124
	<hr/>	<hr/>	<hr/>

The net book value of motor vehicles and equipment of the company includes £10,978 (1992 - £16,248) in respect of leased assets.

**8. Fixed Asset Investment**

	<u>Shares</u>
At 1st July 1992	-
Additions	1,000
Write offs	(1,000)
	<hr/>
At 30th June 1993	£ -
	<hr/>

**9. Debtors**

	<u>1993</u>	<u>1992</u>
Insurance broking debtors	58,235	45,060
Commission receivable	28,420	5,951
Other debtors	54	15,965
Prepayments	4,447	4,888
Due from group companies	1,000	38,346
	<hr/>	<hr/>
	£ 92,156	£ 110,210
	<hr/>	<hr/>

# Milbourne Insurance Services Limited

## Notes to the Financial Statements - 30th June 1993 (Continued)

### 10. Creditors, amounts falling due within one year

	<u>1993</u>	<u>1992</u>
Loan from director	-	20,082
Obligations under finance leases	6,210	12,555
Insurance broking creditors	129,395	89,080
Social security	6,764	5,799
Accruals	19,799	7,462
Other creditors	9,894	6,367
Due to group companies	34,863	-
	<hr/>	<hr/>
	£ 206,925	£ 141,345
	<hr/>	<hr/>

The loan from the director was repaid in instalments during the year. Interest on the loan, which is charged at 3% over Finance House Base Rate, is borne by Milbourne Management (Finance) Limited, a group undertaking.

### 11. Creditors, amounts falling due after more than one year

	<u>1993</u>	<u>1992</u>
Obligations under finance leases due within two to five years	£ 414	£ 6,624
	<hr/>	<hr/>

### 12. Provisions for Liabilities and Charges

	<u>Provision for Clawback</u>
At 1st July 1992	81,000
Utilised during the year	(64,640)
Charged to profit and loss account	43,640
	<hr/>
At 30th June 1993	£ 60,000
	<hr/>

### 13. Called Up Share Capital

	Authorised		Allotted and fully paid	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
Ordinary shares of £1 each	£ 100,000	£ 100,000	£ 1,000	£ 1,000
	<hr/>	<hr/>	<hr/>	<hr/>

# Milbourne Insurance Services Limited

## Notes to the Financial Statements - 30th June 1993 (Continued)

### 14. Ultimate Holding Company

The ultimate holding company is Milbourne Holdings Limited, a company incorporated in Great Britain, and registered in England whose financial statements can be obtained from 66-70 Coombe Road, New Malden, Surrey.

Milbourne Holdings Limited will continue to provide financial support to Milbourne Insurance Services Limited.

### 15. Operating Leases

The annual cost of future commitments on operating leases expiring:

Other than land and buildings

	<u>1993</u>	<u>1992</u>
Within one year	£ 3,049	£ 1,588
Two to five years	£ 9,193	£ 9,193

An amount of £13,600 is re-charged from a group undertaking, Milbourne Management (Finance) Limited in respect of an operating lease on land and buildings.

### 16. Reconciliation of Operating Profit/(Loss) to net cash inflow from operating activities

	<u>1993</u>	<u>1992</u>
Operating profit/(loss)	11,523	(105,256)
Depreciation	9,463	(5,642)
Loss on disposal of fixed assets	-	23,540
Clawback provision	(21,000)	16,000
Decrease in debtors	2,089	96,837
Increase in creditors	92,007	20,485
Write off of shares	1,000	-
Net cash inflow from operating activities	£ 95,082	£ 45,964

## Milbourne Insurance Services Limited

Notes to the Financial Statements - 30th June 1993  
(Continued)

## 17. Analysis of changes in cash and cash equivalents during the year

	<u>1993</u>	<u>1992</u>
Balance at 1st July 1992	(2,981)	(30,717)
Net cash inflow	92,943	27,736
	<hr/>	<hr/>
Balance at 30th June 1993	£ 89,962	£ (2,981)
	<hr/>	<hr/>

## 18. Analysis of balances of cash and cash equivalents

	<u>1993</u>	<u>1992</u>	<u>Changes</u>
Cash at bank and in hand	89,962	17,101	72,861
Loan from director	-	(20,082)	20,082
	<hr/>	<hr/>	<hr/>
	£ 89,962	£ (2,981)	£ 92,943
	<hr/>	<hr/>	<hr/>

## 19. Analysis of changes in financing during the year

	Loans and Finance lease obligations	
	<u>1993</u>	<u>1992</u>
Balance at 1st July 1992	19,179	34,710
Cash outflow from financing	(12,555)	(15,531)
	<hr/>	<hr/>
Balance at 30th June 1993	£ 6,624	£ 19,179
	<hr/>	<hr/>