

**Bland Bankart Financial Services Limited**

**Report and Financial Statements**

**Year Ended 31 December 2003**

**Company number: 2192234**



**Blueprint Audit Limited**  
Chartered Accountants and Registered Auditor

# **BLAND BANKART FINANCIAL SERVICES LIMITED**

**Annual report and financial statements for the year ended 31 December 2003**

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## **Directors**

PA Bland  
AJ Durant  
SM Hellier  
D Ruffett  
DC Norris-Jones

## **Secretary and registered office**

JK Sanders, 5 Western Boulevard, Leicester, LE2 7EX

## **Company number**

2192234

## **Accountants and Business Advisers**

Tenon Limited, Charnwood House, Gregory Boulevard, Nottingham, NG7 6NX

## **Auditor**

Blueprint Audit Limited, Charnwood House, Gregory Boulevard, Nottingham, NG7 6NX

## **Bankers**

National Westminster Bank Plc, 7 Hinckley Road, Leicester, LE3 0TQ

## **Solicitors**

Harvey Ingram Owston, 20 New Walk, Leicester, LE2 6TX

## **BLAND BANKART FINANCIAL SERVICES LIMITED**

### **Report of the directors for the year ended 31 December 2003**

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

#### **Results and dividends**

The profit and loss account is set out on page 4 and shows the profit for the year.

During the year the directors paid an interim dividend amounting to £700,000 (2002: £500,000). No final dividend is proposed.

#### **Principal activities and trading review**

The company is principally engaged in life insurance, pensions, pension scheme administration and investment business.

The directors are satisfied with the result for the year and are confident of future prospects.

#### **Directors**

The directors of the company during the year were:

PA Bland  
AJ Durant  
SM Hellier  
D Ruffett  
DC Norris-Jones (appointed 1 March 2003)

No director has any interest in the issued share capital of the company.

PA Bland, AJ Durant and DC Norris-Jones were also directors of the ultimate parent company Bland Bankart plc at 31 December 2003. Their interests in the share capital of that company are shown in its financial statements.

#### **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 departure 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.

**BLAND BANKART FINANCIAL SERVICES LIMITED**

**Report of the directors for the year ended 31 December 2003(Continued)**

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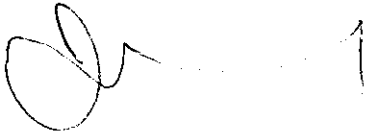
**Directors' responsibilities (continued)**

The directors are responsible for keeping proper accounting 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.

**Auditor**

Blueprint Audit Limited has expressed its willingness to continue in office and a resolution to re-appoint it will be proposed at the annual general meeting.

**By order of the Board**

A handwritten signature in black ink, appearing to be 'JK Sanders', written over a horizontal line.

JK Sanders  
**Secretary**

23 March 2004

**Report of the auditor**

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**Independent auditor's report to the shareholders of Bland Bankart Financial Services Limited**

We have audited the financial statements of Bland Bankart Financial Services Limited for the year ended 31 December 2003 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and 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 auditor's 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 auditor**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 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 consider 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.

*Blueprint Audit Limited*

**Blueprint Audit Limited**

*Chartered Accountants and Registered Auditor*

13 April 2004

**BLAND BANKART FINANCIAL SERVICES LIMITED****Profit and loss account for the year ended 31 December 2003**

	<b>Note</b>	<b>2003 £</b>	<b>2002 £</b>
<b>Turnover</b>	2	5,801,156	5,138,127
Staff costs	3	(2,843,340)	(2,602,815)
Depreciation	9	(78,326)	(100,419)
Other operating charges		(1,915,044)	(1,682,713)
		<hr/>	<hr/>
<b>Operating profit</b>	5	964,446	752,180
Net interest receivable	6	17,804	19,499
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		982,250	771,679
Taxation	7	(273,286)	(252,707)
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>		708,964	518,972
Dividends	8	(700,000)	(500,000)
		<hr/>	<hr/>
<b>Retained profit for the year transferred to reserves</b>	13	8,964	18,972
		<hr/>	<hr/>

All amounts relate to continuing activities.

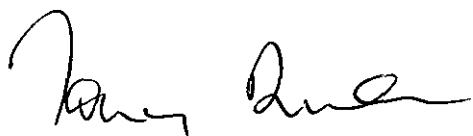
All recognised gains and losses are included in the profit and loss account.

The notes on pages 6 to 12 form part of these financial statements.

**BLAND BANKART FINANCIAL SERVICES LIMITED****Balance sheet at 31 December 2003**

	Note	2003		2002	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		77,699		124,377
<b>Current assets</b>					
Debtors	10	1,074,794		895,604	
Cash at bank and in hand		223,859		20	
		<u>1,298,653</u>		<u>895,624</u>	
<b>Creditors: amounts falling due within one year</b>	11	990,148		642,761	
<b>Net current assets</b>			<u>308,505</u>		<u>252,863</u>
<b>Total assets less current liabilities</b>			<u>386,204</u>		<u>377,240</u>
<b>Capital and reserves - equity</b>					
Called up share capital	12		125,000		125,000
Profit and loss account	13		261,204		252,240
<b>Shareholder's funds</b>	14		<u>386,204</u>		<u>377,240</u>

The financial statements were approved by the Board on 23 March 2004.



AJ Durant  
**Director**

The notes on pages 6 to 12 form part of these financial statements.

## **BLAND BANKART FINANCIAL SERVICES LIMITED**

**Notes forming part of the financial statements for the year ended 31 December 2003**

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### **1 Accounting policies**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. There have been no changes in accounting policies during the year. The following principal accounting policies have been applied:

#### *Turnover*

Turnover represents brokerage and fee income. Credit is taken for life and pension brokerage income when received. Credit is taken for fee income on a straight line basis over the period to which it relates.

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Leasehold property	- period of lease
Fixtures and fittings	- 10-33 <sup>1</sup> / <sub>3</sub> % per annum

#### *Deferred taxation*

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes in accordance with FRS 19 "Deferred tax".

#### *Leased assets*

All the leases of the company are regarded as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### *Pension costs*

##### *Defined benefit scheme*

Pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the remaining service lives of current employees in the scheme.

##### *Defined contribution scheme*

Contributions to defined contribution pension schemes are charged to the profit and loss account in the year in which they became payable.

#### *Cashflow statement*

No cashflow statement has been included in these financial statements as the company's cashflows are included in the consolidated financial statements of Bland Bankart plc.



## BLAND BANKART FINANCIAL SERVICES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003  
(continued)

### 2 Turnover

Turnover is wholly attributable to the principal activities of the company and arises solely within the United Kingdom.

### 3 Employees

	2003 £	2002 £
Staff costs consist of:		
Wages and salaries	2,424,260	2,205,703
Social security costs	247,157	204,720
Other pension costs	171,923	192,392
	<u>2,843,340</u>	<u>2,602,815</u>

The average monthly number of employees, including directors, during the year was 72 (2002: 71).

### 4 Directors

	2003 £	2002 £
Directors' emoluments consist of:		
Remuneration for management services	412,469	339,270
Highest paid director:		
Total emoluments (including benefits in kind)	180,891	147,475
Accrued pension rights	4,446	3,066

During the year 4 directors (2002: 5) participated in the defined benefit pension scheme.

### 5 Operating profit

	2003 £	2002 £
This has been arrived at after charging:		
Auditor's remuneration	5,530	5,355
Hire of plant and machinery - operating leases	6,899	16,319
Hire of other assets - operating leases	176,358	157,385

# BLAND BANKART FINANCIAL SERVICES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003  
(Continued)

6 Net interest receivable	2003 £	2002 £
Payable on overdraft	(1,435)	-
Interest receivable	19,239	19,499
	<u>17,804</u>	<u>19,499</u>

## 7 Taxation

a) Analysis of charge in year	2003 £	2002 £
<i>Current tax:</i>		
UK corporation tax	306,000	272,000
Adjustment in respect of prior year	(24,936)	70
Total current tax (note 7 (b))	<u>281,064</u>	<u>272,070</u>
<i>Deferred tax</i>		
Origination of timing differences	(7,778)	(19,363)
	<u>273,286</u>	<u>252,707</u>

### (b) Factors affecting tax charge for year

The tax assessed for the year is different from the expected rate of corporation tax. The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before taxation	982,250	771,679
Profit on ordinary activities multiplied by expected rate of corporation tax of 30% (2002:30%)	<u>294,675</u>	<u>231,504</u>
Items not allowable for tax purposes	1,759	5,268
Depreciation in excess of capital allowances	9,857	14,483
Other timing differences	(291)	20,745
Adjustments in respect of prior year	(24,936)	70
	<u>281,064</u>	<u>272,070</u>

**BLAND BANKART FINANCIAL SERVICES LIMITED**

Notes forming part of the financial statements for the year ended 31 December 2003  
(Continued)

**7 Taxation charge on profit on ordinary activities (continued)****(c) Factors that may affect future tax charges**

The deferred tax asset arises as the company has claimed cumulative capital allowances which are lower than the cumulative depreciation charge.

Based upon the current capitalisation policy the company expects to continue to claim allowances which are lower than the combined depreciation charge and capital expenditure write offs of future years.

<b>8 Dividends</b>	<b>2003 £</b>	<b>2002 £</b>
Ordinary – Interim dividend - £5.60 (2002: £4) per share	700,000	500,000

**9 Tangible assets**

	<b>Leasehold property £</b>	<b>Fixtures and fittings £</b>	<b>Total £</b>
<i>Cost</i>			
At 1 January 2003	69,652	536,777	606,429
Additions	-	32,590	32,590
Disposals	-	(32,490)	(32,490)
At 31 December 2003	69,652	536,877	606,529
<i>Depreciation</i>			
At 1 January 2003	27,859	454,193	482,052
Provided for the year	13,929	64,397	78,326
Disposals	-	(31,548)	(31,548)
At 31 December 2003	41,788	487,042	528,830
<i>Net book value</i>			
At 31 December 2003	27,864	49,835	77,699
At 31 December 2002	41,793	82,584	124,377

# BLAND BANKART FINANCIAL SERVICES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003  
(Continued)

## 10 Debtors

	2003 £	2002 £
Trade debtors	588,512	640,531
Amounts owed by group undertakings	197,684	-
Prepayments	111,323	83,609
Deferred tax asset	27,141	19,363
Other debtors	150,134	152,101
	<u>1,074,794</u>	<u>895,604</u>

Except for the deferred tax asset, all amounts shown under debtors fall due for payment within one year.

## 11 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank overdraft	-	81,389
Trade creditors	42,918	-
Amounts owed to group undertakings	13,466	3,308
Tax and social security	134,190	57,818
Corporation tax payable	207,000	180,000
Accruals and deferred income	592,574	320,246
	<u>990,148</u>	<u>642,761</u>

The bank overdraft is secured by a charge over the company's assets.

## 12 Share capital

	Authorised		Allotted, called up and fully paid	
	2003 £	2002 £	2003 £	2002 £
Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>	<u>125,000</u>	<u>125,000</u>

## 13 Reserves

	Profit and loss account £
At 31 December 2002	252,240
Profit for the year	8,964
At 31 December 2003	<u>261,204</u>

## BLAND BANKART FINANCIAL SERVICES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003  
(Continued)

### 14 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the financial year	708,964	518,972
Dividends	(700,000)	(500,000)
	<hr/>	<hr/>
Increase in shareholder's funds	8,964	18,972
Shareholder's funds at 1 January 2003	377,240	358,268
	<hr/>	<hr/>
Shareholder's funds at 31 December 2003	386,204	377,240
	<hr/>	<hr/>

### 15 Pensions

#### *Defined contribution scheme*

The company makes contributions for the benefit of certain employees. The assets of the scheme are administered by the trustees in a fund independent from these of the company.

#### *Defined benefit scheme*

The company makes contributions in respect of certain employees to the group defined benefit scheme. The assets of the scheme are administered in funds independent from those of the company.

Pension costs are assessed in accordance with the advice of independent qualified actuaries. The most recent actuarial valuation for the scheme was at 1 August 2002.

The contributions rate was 14% to 31 July 2003 and 17% from 1 August 2003. These rates include employee contributions of 4% or 5%. Information required by the transitional arrangements for the implementation of FRS 17 "Retirement Benefits" is included in the consolidated financial statements of Bland Bankart Plc.

### 16 Related party transactions

The company has taken advantage of the exemption under FRS 8 "Related Party Disclosure", and not disclosed transactions with other group companies, on the grounds that consolidated financial statements are produced by the company's ultimate parent company, Bland Bankart plc.

## BLAND BANKART FINANCIAL SERVICES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003  
(Continued)

### 17 Commitments under operating leases

As at 31 December, the company had annual commitments under non-cancellable operating leases as set out below:

	2003		2002	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	-
Over five years	68,500	-	68,500	-
	<u>68,500</u>	<u>-</u>	<u>68,500</u>	<u>-</u>

### 18 Contingent liabilities

The company participates in the group's composite banking arrangements and consequently has provided guarantees in respect of other group companies' borrowings. At 31 December 2003 there were bank loans of £663,313 (31 December 2002: £805,464) covered by these guarantees.

### 19 Ultimate parent company

At 31 December 2003 the company's ultimate parent company was Bland Bankart plc which is the parent of both the smallest and largest groups of which the company is a member.

Copies of the consolidated financial statements of Bland Bankart plc are available from Companies House.

The equity shareholders of the parent company are the ultimate controlling party.