

Bland Bankart Financial Services Limited

Report and Financial Statements

Year Ended 31 December 2002

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 2002

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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 2002

The directors present their report together with the audited financial statements for the year ended 31 December 2002.

Results and dividends

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

The directors paid a dividend amounting to £500,000 (2001: £830,000). No further 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.

Directors

The directors of the company during the year were:

PA Bland
AJ Durant
SM Hellier
JR Hopkins (resigned 14 January 2002)
D Ruffett

DC Norris-Jones was appointed a director on 1 March 2003.

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

PA Bland and DC Norris-Jones are also directors of the ultimate parent company, Bland Bankart plc, and their interests in the share capital of that company are shown in its financial statements.

EMU Impact

Having reviewed its commercial and accounting transactions, the company is managing the impact of the single currency.

BLAND BANKART FINANCIAL SERVICES LIMITED

Report of the directors for the year ended 31 December 2002(Continued)

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.

The directors are responsible for keeping 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.

Auditor

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

By order of the Board



JK Sanders
Secretary

29 July 2003

Report of the auditor

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 2002 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.

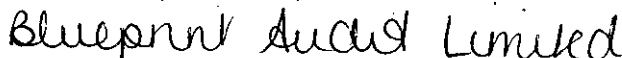
Basis of audit opinion

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

5 August 2003

BLAND BANKART FINANCIAL SERVICES LIMITED**Profit and loss account for the year ended 31 December 2002**

	Note	2002 £	2001 £
Turnover	2	5,138,127	4,911,595
Staff costs	3	(2,602,815)	(2,489,027)
Depreciation	9	(100,419)	(104,884)
Other operating charges		(1,682,713)	(1,390,117)
		<hr/>	<hr/>
Operating profit	5	752,180	927,567
Net interest receivable	6	19,499	9,980
		<hr/>	<hr/>
Profit on ordinary activities before taxation		771,679	937,547
Taxation charge on profit on ordinary activities	7	(252,707)	(295,375)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		518,972	642,172
Dividends	8	(500,000)	(830,000)
		<hr/>	<hr/>
Profit/(sustained loss) for the year	13	18,972	(187,828)
		<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 2002

	Note	2002		2001	
		£	£	£	£
Fixed assets					
Tangible assets	9		124,377		214,908
Current assets					
Debtors	10	895,604		812,069	
Cash at bank and in hand		20		154,849	
		<u>895,624</u>		<u>966,918</u>	
Creditors: amounts falling due within one year	11	642,761		823,558	
Net current assets			<u>252,863</u>		<u>143,360</u>
Total assets less current liabilities			<u>377,240</u>		<u>358,268</u>
Capital and reserves - equity					
Called up share capital	12		125,000		125,000
Profit and loss account	13		252,240		233,268
Shareholders' funds	15		<u>377,240</u>		<u>358,268</u>

The financial statements were approved by the Board on 29 July 2003.



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 2002

1 Accounting policies

There have been no changes in accounting policies during the period other than the adoption of FRS 19 Deferred Taxation.

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. 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 $\frac{1}{3}$ % per annum

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

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

Contributions to the company's defined benefit pension scheme are charged to the profit and loss account on the basis of spreading the cost of pensions over the working lives of employees who are members of the scheme.

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.

2 Turnover

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

BLAND BANKART FINANCIAL SERVICES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002
(continued)

3 Employees

	2002 £	2001 £
Staff costs consist of:		
Wages and salaries	2,205,703	2,117,089
Social security costs	204,720	174,608
Other pension costs	192,392	197,330
	<u>2,602,815</u>	<u>2,489,027</u>

The average monthly number of employees, including directors, during the year was 71 (2001: 66).

4 Directors

	2002 £	2001 £
Directors' emoluments consist of:		
Remuneration for management services	339,270	274,912
Highest paid director:		
Total emoluments (including benefits in kind)	147,475	179,428
Accrued pension rights	3,066	9,916

During the year 4 directors (2001: 5) participated in the defined benefit pension scheme.

5 Operating profit

This has been arrived at after charging:	2002 £	2001 £
Depreciation of tangible fixed assets	100,419	104,884
Hire of plant and machinery - operating leases	16,319	72,847
Hire of other assets - operating leases	157,385	119,770
Auditor's remuneration	5,355	5,250

6 Net interest receivable

Payable on overdraft	-	(10,198)
Interest receivable	19,499	20,178
	<u>19,499</u>	<u>9,980</u>

BLAND BANKART FINANCIAL SERVICES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002
(Continued)

7 Taxation charge on profit on ordinary activities

a) Analysis of charge in year	2002 £	2001 £
<i>Current tax:</i>		
UK corporation tax	272,000	300,000
Adjustment in respect of prior year	70	(3,818)
Total current tax (note 7 (b))	<u>272,070</u>	<u>296,182</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(19,363)	(807)
	<u>252,707</u>	<u>295,375</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:

	2002 £	2001 £
Profit on ordinary activities before taxation	771,679	937,547
Profit on ordinary activities multiplied by expected rate of corporation tax of 30% (2001:30%)	<u>231,504</u>	<u>281,264</u>
Items not allowable for tax purposes	5,268	7,289
Depreciation in excess of capital allowances	14,483	10,695
Other timing differences	20,745	752
Adjustments in respect of prior year	70	(3,818)
	<u>272,070</u>	<u>296,182</u>

(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.

BLAND BANKART FINANCIAL SERVICES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002
(Continued)

8 Dividends		2002 £	2001 £
Ordinary - £4 (2001: £6.64) per share		500,000	830,000
9 Tangible assets			
	Leasehold property £	Fixtures and fittings £	Total £
<i>Cost</i>			
At 1 January 2002	69,652	666,711	736,363
Additions	-	10,483	10,483
Disposals	-	(140,417)	(140,417)
At 31 December 2002	69,652	536,777	606,429
<i>Depreciation</i>			
At 1 January 2002	13,930	507,525	521,455
Provided for the year	13,929	86,490	100,419
Disposals	-	(139,822)	(139,822)
At 31 December 2002	27,859	454,193	482,052
<i>Net book value</i>			
At 31 December 2002	41,793	82,584	124,377
At 31 December 2001	55,722	159,186	214,908
10 Debtors			
	2002 £	2001 £	
Trade debtors	640,531	452,415	
Amounts owed by group undertakings	-	246,692	
Other debtors	152,101	12,594	
Prepayments	83,609	100,368	
Deferred tax asset	19,363	-	
	895,604	812,069	

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

BLAND BANKART FINANCIAL SERVICES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002
(Continued)

11 Creditors: amounts falling due within one year	2002	2001
	£	£
Bank overdraft	81,389	-
Amounts owned to group undertakings	3,308	-
Corporation tax payable	180,000	300,000
Accruals and deferred income	320,246	456,748
Tax and social security	57,818	66,810
	<u>642,761</u>	<u>823,558</u>

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

12 Share capital

	Authorised		Allotted, called up and fully paid	
	2002	2001	2002	2001
	£	£	£	£
Ordinary shares of £1 each	250,000	250,000	125,000	125,000
	<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 2001	233,268
Profit for the year	18,972
	<u>252,240</u>
At 31 December 2002	<u>252,240</u>

BLAND BANKART FINANCIAL SERVICES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002
(Continued)

14 Pensions

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

Bland Bankart Retirement Benefits Scheme

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 1999.

To take account of changes in the scheme membership and the abolition of the Guaranteed Minimum Pension, the contribution rate was reduced with effect from 1 August 1999 from 18% to 14% which includes employee contributions of 4% or 5%.

Bland Bankart (Nottingham) Pension Scheme

Certain employees transferred from Bland Bankart (Nottingham) Limited were members of a second group scheme which assigned its assets and liabilities to the trustees of the Bland Bankart Retirement Benefits Scheme on 18 February 2002.

Further information on the schemes, including 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.

15 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	518,972	642,172
Dividends	(500,000)	(830,000)
Increase/(decrease) in shareholders' funds	18,972	(187,828)
Shareholders' funds at 1 January 2002	358,268	546,096
Shareholders' funds at 31 December 2002	377,240	358,268

BLAND BANKART FINANCIAL SERVICES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002
(Continued)

16 Ultimate parent company

At 31 December 2002 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.

17 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 2002 there were bank loans of £805,464 (31 December 2001: £947,616) covered by these guarantees.

18 Commitments under operating leases

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

	2002		2001	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	13,395
Over five years	68,500	-	68,500	-
	<u>68,500</u>	<u>-</u>	<u>68,500</u>	<u>13,395</u>

In addition, the company occupies premises rented by other group companies under informal arrangements. During 2002 the company paid £92,310 rent under these arrangements (2001: £95,632).

19 Related party transactions

The company has taken advantage of the exemption under FRS8, 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.