

Company Registration No. 2288983 (England and Wales)

MALYON LESTRANGE INSURANCE SERVICES LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003



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MALYON LESTRANGE INSURANCE SERVICES LTD

COMPANY INFORMATION

Directors	B B Malyon S M Lestrangle
Secretary	S M Lestrangle
Company number	2288983
Registered office	North Park House High Road Broxbourne Hertfordshire EN10 7HY
Auditors	McIntyre Irwin 18 Silver Street Enfield Middlesex EN1 3EG

MALYON LESTRANGE INSURANCE SERVICES LTD

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MALYON LESTRANGE INSURANCE SERVICES LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2003

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

Principal activities and review of the business

The principal activity of the company continued to be that of insurance brokers.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

An interim ordinary dividend was paid amounting to £90,000. The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 April 2002:

B B Malyon
S M Lestrangle

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 2003	1 April 2002
B B Malyon	260	260
S M Lestrangle	260	260

Mrs Malyon and Mrs Lestrangle each held 240 Ordinary shares at the balance sheet date.

Charitable donations	2003	2002
	£	£

During the year the company made the following payments:

Charitable donations	6,793	1,999
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Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, McIntyre Irwin, will be deemed to be reappointed for each succeeding financial year.

MALYON LESTRANGE INSURANCE SERVICES LTD

DIRECTORS' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2003**

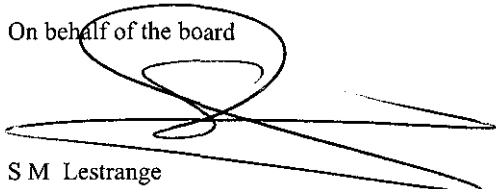
Directors' responsibilities

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;
- 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.

On behalf of the board

A handwritten signature in black ink, appearing to be 'S M Lestrangle', written over a horizontal line.

S M Lestrangle

Director

27 October 2003

MALYON LESTRANGE INSURANCE SERVICES LTD

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MALYON LESTRANGE INSURANCE SERVICES LTD

We have audited the financial statements on pages 4 to 16 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

McIntyre Irwin

Chartered Certified Accountants
Registered Auditor

27 October 2003

18 Silver Street
Enfield
Middlesex
EN1 3EG

MALYON LESTRANGE INSURANCE SERVICES LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £
Turnover	2	1,846,692	1,163,076
Administrative expenses		(1,630,426)	(947,071)
Other operating income		18,720	10,240
Operating profit	3	234,986	226,245
Investment income	4	10,000	-
Other interest receivable and similar income		28,091	15,940
Interest payable and similar charges	5	(1,223)	(4,240)
Profit on ordinary activities before taxation		271,854	237,945
Tax on profit on ordinary activities	6	(52,983)	(62,378)
Profit on ordinary activities after taxation		218,871	175,567
Dividends	7	(90,000)	(74,000)
Retained profit for the year	17	128,871	101,567

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

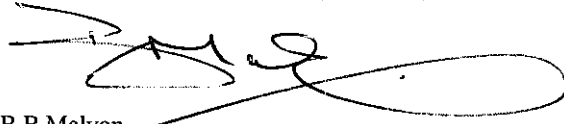
MALYON LESTRANGE INSURANCE SERVICES LTD

BALANCE SHEET

AS AT 31 MARCH 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Intangible assets	8		43,912		52,694
Tangible assets	9		158,677		183,710
Investments	10		500		500
			<u>203,089</u>		<u>236,904</u>
Current assets					
Debtors	11	80,418		53,098	
Cash at bank and in hand		1,500,609		596,687	
		<u>1,581,027</u>		<u>649,785</u>	
Creditors: amounts falling due within one year	12	(1,318,455)		(548,274)	
Net current assets			<u>262,572</u>		<u>101,511</u>
Total assets less current liabilities			<u>465,661</u>		<u>338,415</u>
Creditors: amounts falling due after more than one year	13		(10,388)		(13,441)
Provisions for liabilities and charges	14		(5,359)		(3,931)
			<u>449,914</u>		<u>321,043</u>
Capital and reserves					
Called up share capital	16		1,000		1,000
Profit and loss account	17		448,914		320,043
Shareholders' funds - equity interests	18		<u>449,914</u>		<u>321,043</u>

The financial statements were approved by the Board on 27 October 2003


B B Malyon
Director

MALYON LESTRANGE INSURANCE SERVICES LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

	2003		2002	
	£	£	£	£
Net cash inflow from operating activities		1,046,954		475,766
Returns on investments and servicing of finance				
Interest received	28,091		15,940	
Interest paid	(1,223)		(4,240)	
Dividends received from participating interests	10,000		-	
	<u> </u>		<u> </u>	
Net cash inflow for returns on investments and servicing of finance		36,868		11,700
Taxation		(58,446)		(58,815)
Capital expenditure				
Payments to acquire tangible assets	(49,067)		(126,572)	
Receipts from sales of tangible assets	17,000		-	
	<u> </u>		<u> </u>	
Net cash outflow for capital expenditure		(32,067)		(126,572)
Equity dividends paid		(90,000)		(74,000)
		<u> </u>		<u> </u>
Net cash inflow before management of liquid resources and financing		903,309		228,079
Financing				
Capital element of hire purchase contracts	613		(23,999)	
	<u> </u>		<u> </u>	
Net cash inflow/(outflow) from financing		613		(23,999)
		<u> </u>		<u> </u>
Increase in cash in the year		903,922		204,080
		<u> </u>		<u> </u>

MALYON LESTRANGE INSURANCE SERVICES LTD

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

1	Reconciliation of operating profit to net cash inflow from operating activities	2003 £	2002 £
	Operating profit	234,986	226,245
	Depreciation of tangible assets	58,175	55,780
	Amortisation of intangible assets	8,782	8,782
	(Profit)/loss on disposal of tangible assets	(1,075)	39,836
	Increase in debtors	(27,320)	(25,315)
	Increase in creditors within one year	773,406	170,438
	Net cash inflow from operating activities	1,046,954	475,766

2	Analysis of net funds	1 April 2002 £	Cash flow £	Other non-cash changes £	31 March 2003 £
	Net cash:				
	Cash at bank and in hand	596,687	903,922	-	1,500,609
	Debt:				
	Finance leases	(20,773)	(613)	-	(21,386)
	Net funds	575,914	903,309	-	1,479,223

3	Reconciliation of net cash flow to movement in net funds	2003 £	2002 £
	Increase in cash in the year	903,922	204,080
	Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(613)	23,999
	Movement in net funds in the year	903,309	228,079
	Opening net funds	575,914	347,835
	Closing net funds	1,479,223	575,914

MALYON LESTRANGE INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents the value of commissions earned during the year.

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and equipment	15% - 25% straight line
Fixtures & fittings	15% - straight line
Motor vehicles	25% - reducing balance

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.9 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard requires a prior period adjustment to be made to recognise the liability which existed at the start of the financial year and which was not recognised under the old accounting policy. This has increased the deferred tax liability and reduced the retained profits by £3,931.

MALYON LESTRANGE INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

1 Accounting policies

(continued)

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3	Operating profit	2003 £	2002 £
	Operating profit is stated after charging:		
	Amortisation of intangible assets	8,782	8,782
	Depreciation of tangible assets	58,175	55,780
	Loss on disposal of tangible assets	-	39,836
	Loss on foreign exchange transactions	20	-
	Auditors' remuneration	2,938	2,938
	Remuneration of auditors for non-audit work	10,502	7,050
	and after crediting:		
	Profit on disposal of tangible assets	(1,075)	-
		<u> </u>	<u> </u>
4	Investment income	2003 £	2002 £
	Income from participating interests	10,000	-
		<u> </u>	<u> </u>
5	Interest payable	2003 £	2002 £
	On bank loans and overdrafts	-	1,637
	Hire purchase interest	1,223	2,603
		<u> </u>	<u> </u>
		1,223	4,240
		<u> </u>	<u> </u>

MALYON LESTRANGE INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

6	Taxation	2003 £	2002 £
	Domestic current year tax		
	U.K. corporation tax	51,555	58,447
	Current tax charge	51,555	58,447
	Deferred tax		
	Deferred tax charge/credit current year	1,428	3,931
		52,983	62,378
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	271,854	237,945
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2002 : 20.00%)	51,652	47,589
	Effects of:		
	Non deductible expenses	4,678	4,772
	Depreciation add back	12,722	20,880
	Capital allowances	(15,597)	(14,794)
	Dividends and distributions received	(1,900)	-
		(97)	10,858
	Current tax charge	51,555	58,447
7	Dividends	2003 £	2002 £
	Ordinary interim paid	90,000	74,000

MALYON LESTRANGE INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2002 & at 31 March 2003	175,642
Amortisation	
At 1 April 2002	122,948
Charge for the year	8,782
At 31 March 2003	131,730
Net book value	
At 31 March 2003	43,912
At 31 March 2002	52,694

MALYON LESTRANGE INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

9 Tangible fixed assets

	Plant and equipment £	Fixtures & fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2002	140,362	85,882	92,101	318,345
Additions	27,556	7,826	13,685	49,067
Disposals	-	-	(67,106)	(67,106)
	<u>167,918</u>	<u>93,708</u>	<u>38,680</u>	<u>300,306</u>
At 31 March 2003	167,918	93,708	38,680	300,306
Depreciation				
At 1 April 2002	64,323	12,882	57,430	134,635
On disposals	-	-	(51,181)	(51,181)
Charge for the year	36,577	13,490	8,108	58,175
	<u>100,900</u>	<u>26,372</u>	<u>14,357</u>	<u>141,629</u>
At 31 March 2003	100,900	26,372	14,357	141,629
Net book value				
At 31 March 2003	<u>67,018</u>	<u>67,336</u>	<u>24,323</u>	<u>158,677</u>
At 31 March 2002	<u>76,039</u>	<u>73,000</u>	<u>34,671</u>	<u>183,710</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 March 2003	<u>24,323</u>
At 31 March 2002	<u>18,746</u>
Depreciation charge for the year	
31 March 2003	<u>8,108</u>
31 March 2002	<u>6,249</u>

MALYON LESTRANGE INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

10 Fixed asset investments

	Shares in participating interests £
Cost	
At 1 April 2002 & at 31 March 2003	500

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Participating interests			
IVML Underwriting Ltd	England	Ordinary	50

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2003 £	Profit for the year 2003 £
IVML Underwriting Ltd	2,877	2,593

11 Debtors

	2003 £	2002 £
Other debtors	47,444	36,111
Prepayments and accrued income	32,974	16,987
	80,418	53,098

Amounts falling due after more than one year and included in the debtors above are:

	2003 £	2002 £
Other debtors	5,850	5,850

MALYON LESTRANGE INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

12 Creditors: amounts falling due within one year	2003 £	2002 £
Net obligations under hire purchase contracts	10,998	7,332
Trade creditors	1,105,823	369,350
Corporation tax	51,555	58,446
Other taxes and social security costs	100,092	83,040
Directors' current accounts	538	538
Accruals and deferred income	49,449	29,568
	<u>1,318,455</u>	<u>548,274</u>

13 Creditors: amounts falling due after more than one year	2003 £	2002 £
Net obligations under hire purchase contracts	10,388	13,441
	<u>10,388</u>	<u>13,441</u>
Net obligations under hire purchase contracts		
Repayable within one year	10,998	7,332
Repayable between one and five years	10,388	13,441
	<u>21,386</u>	<u>20,773</u>
Included in liabilities falling due within one year	(10,998)	(7,332)
	<u>10,388</u>	<u>13,441</u>

14 Provisions for liabilities and charges	Deferred tax liability £
Balance at 1 April 2002	3,931
Profit and loss account	1,428
	<u>5,359</u>
Balance at 31 March 2003	

The deferred tax liability is made up as follows:

	2003 £	2002 £
Accelerated capital allowances	<u>5,359</u>	<u>3,931</u>

MALYON LESTRANGE INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

15 Pension costs

Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	16,814	14,939

16 Share capital

Authorised

1,000 Ordinary shares of £ 1 each	1,000	1,000
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Allotted, called up and fully paid

1,000 Ordinary shares of £ 1 each	1,000	1,000
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17 Statement of movements on profit and loss account

Profit and loss account

	£
Balance at 1 April 2002	320,043
Retained profit for the year	128,871
Balance at 31 March 2003	448,914

18 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the financial year	218,871	175,567
Dividends	(90,000)	(74,000)
Net addition to shareholders' funds	128,871	101,567
Opening shareholders' funds	321,043	219,476
Closing shareholders' funds	449,914	321,043

MALYON LESTRANGE INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

19 Directors' emoluments	2003 £	2002 £
Emoluments for qualifying services	622,445	259,000
Company pension contributions to money purchase schemes	16,814	14,939
	<u>639,259</u>	<u>273,939</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2002 - 2).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	311,222	129,500
Company pension contributions to money purchase schemes	8,407	7,470
	<u>319,629</u>	<u>136,970</u>

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

2003 Number	2002 Number
20	18
<u>20</u>	<u>18</u>

Employment costs

	£	£
Wages and salaries	1,106,654	521,311
Social security costs	147,330	65,040
Other pension costs	16,814	14,939
	<u>1,270,798</u>	<u>601,290</u>

21 Related party transactions

During the year the company received rental income of £18,720 (2002 - £10,240) from Grew Malyon Lestrangle Financial Services Ltd, a company in which Mr Maylon and Mr Lestrangle are both directors and 25% shareholders. The company also received management charges of £44,344 (2002 - £26,131) from IVML Underwriting Ltd.