

Company registration number: 02288983

**MALYON LESTRANGE INSURANCE SERVICES LIMITED**

**Director's report and financial statements**

**For the 14 months ended 31 May 2006**



# **MALYON LESTRANGE INSURANCE SERVICES LIMITED**

## **COMPANY INFORMATION**

**Director** R P Hodson

**Secretary** S B Benev

**Company number** 02288983

**Registered office** 9 South Parade  
Wakefield  
West Yorkshire  
WF1 1LR

**Bankers** Barclays Bank plc  
2<sup>nd</sup> Floor  
1 Park Row  
Leeds  
LS1 5WU

**Solicitors** Dundas Wilson  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EN

**Auditors** Mazars LLP  
24 Bevis Marks  
London  
EC3A 7NR

# MALYON LESTRANGE INSURANCE SERVICES LIMITED

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# MALYON LESTRANGE INSURANCE SERVICES LIMITED

## DIRECTOR'S REPORT

### FOR THE 14 MONTHS ENDED 31 MAY 2006

The director presents his report together with the audited financial statements for the period ended 31 May 2006.

#### Principal activities, review of business and future developments

The principal activity of the company during the period was that of insurance broking.

On 28 February 2006 the company became a wholly owned subsidiary of Oval Limited.

At the close of business on 28 February 2006, the company transferred its trade and net assets to a fellow subsidiary company, Oval Insurance Broking Limited (formerly Bland Bankart (UK) Limited), and became dormant from this date.

It is not anticipated that the company will trade in the future and, in the director's opinion, the company is not exposed to financial or other risks as it no longer has monetary assets or liabilities.

#### Results and dividends

The trading results for the period, and the company's financial position at the end of the period are shown in the attached financial statements.

Interim dividends were paid on 28 February 2006 amounting to £912,666. The director does not recommend a final dividend be paid for the financial period.

#### Director and his interest

The director who served during the period and his beneficial interest in the share capital of the company, at the beginning of the period, or subsequent date of appointment, and at the end of the period was as follows:

	Malyon Lestrangle Insurance Services Limited Ordinary £1 shares	
	31 May 2006	1 April 2005 or subsequent date of appointment
R P Hodson (appointed 28 February 2006)	-	-

The director's beneficial interest in the share capital of the ultimate parent company, Oval Limited, at the beginning of the period and at the end of the period were as follows:

	Oval Limited			
	Ordinary 1p shares		Founder 1p shares	
	31 May 2006	1 April 2005	31 May 2006	1 April 2005
R P Hodson	4,712,702	4,712,702	3,500,000	3,500,000

B B Malyon and S M Lestrangle also served as directors during the period, resigning on 28 February 2006.

# MALYON LESTRANGE INSURANCE SERVICES LIMITED

## DIRECTORS' REPORT (*Continued...*)

### FOR THE 14 MONTHS ENDED 31 MAY 2006

#### Responsibilities of the director

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

#### Director's indemnity

The company had Directors' and Officers' Insurance in place via a group policy in Oval Limited.

#### Auditors

A resolution to re-appoint Mazars LLP as auditors will be proposed at the Annual General Meeting.

#### Information to auditors

In the case of each of the persons who were directors of the company at the date when this report was approved:

- so far as he is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This report was approved by the Board on 8 September 2006 and signed on its behalf by:



**S B Benev**  
Company Secretary

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF MALYON LESTRANGE INSURANCE SERVICES LIMITED**

We have audited the financial statements of Malyon Lestrangle Insurance Services Limited for the period ended 31 May 2006 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member 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 member those matters we are required to state to it 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 member for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the director and auditors**

As described in the Statement of Director's Responsibilities the company's director is responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 report to you whether in our opinion the information given in the Board Report is consistent with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 director 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2006 and of its profit for the period and have been properly prepared in accordance with the Companies Act 1985
- the information given in the Board Report is consistent with the financial statements.

  
**MAZARS LLP**  
**CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS**  
24 Bevis Marks  
London  
EC3A 7NR

Date: 8 September 2006

# MALYON LESTRANGE INSURANCE SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE 14 MONTHS ENDED 31 MAY 2006

	Notes	14 months ended 31 May 2006 £	12 months ended 31 March 2005 £
Turnover	2	1,744,534	2,194,874
Administrative expenses		(1,381,091)	(2,234,754)
Other operating income		3,120	18,720
<b>Operating profit (loss)</b>	<b>3</b>	<b>366,563</b>	<b>(21,160)</b>
Investment income	6	-	126,838
Interest receivable and similar income		48,926	42,989
Interest payable and similar charges	7	(179)	(64)
<b>Profit on ordinary activities before taxation</b>		<b>415,310</b>	<b>148,603</b>
Taxation on profit on ordinary activities	8	(104,157)	(28,871)
<b>Profit on ordinary activities after taxation</b>		<b>311,153</b>	<b>119,732</b>

The company has no recognised gains or losses other than the results for the period.

The profit and loss account relates to continuing activities which were transferred to a fellow subsidiary company on 28 February 2006.

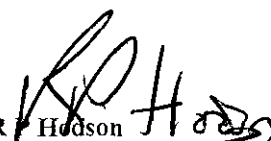
# MALYON LESTRANGE INSURANCE SERVICES LIMITED

## BALANCE SHEET

AS AT 31 MAY 2006

	Notes	31 May 2006 £	31 March 2005 £
<b>Fixed assets</b>			
Intangible assets	10	-	26,348
Tangible assets	11	-	79,070
		-	105,418
<b>Current assets</b>			
Debtors	12	1,000	60,895
Cash at bank and in hand		-	1,684,166
		1,000	1,745,061
<b>Creditors: amounts falling due within one year</b>	13	-	(1,239,125)
<b>Net current assets</b>		1,000	505,936
<b>Total assets less current liabilities</b>		1,000	611,354
<b>Provisions for liabilities and charges</b>	14	-	(8,841)
<b>Net assets</b>		1,000	602,513
<b>Capital and reserves</b>			
Called up equity share capital	15	1,000	1,000
Profit and loss account	16	-	601,513
<b>Shareholder's funds</b>	17	1,000	602,513

The balance sheet was approved by the Board on 8 September 2006 and signed on its behalf by:

  
R. Hudson  
Director



# MALYON LESTRANGE INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE 14 MONTHS ENDED 31 MAY 2006

#### 1. Accounting policies

##### Accounting convention

The financial statements are prepared under the historical cost convention.

##### Compliance with accounting standards

The accounts have been prepared in accordance with applicable United Kingdom accounting standards.

##### Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement on the grounds that the company is a wholly owned subsidiary and the ultimate parent company published consolidated financial statements.

##### Turnover

The company generated revenue principally from brokerage, commission and fees associated with placing insurance and reinsurance contracts.

*Revenues from brokerage, commissions and fees were recognised at the point at which placement services were substantially complete. Any adjustments to premiums, binding authorities and treaties were recognised on a periodic basis when the consideration due was confirmed by third parties. Fees were billed separately and recognised as these services were rendered.*

Where contractual obligations existed for the performance of post placement activities, and the cost of these activities was not expected to be covered by future income, a relevant proportion of revenue due on placement was deferred and recognised over the period during which these activities were performed.

##### Goodwill

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

##### Tangible fixed assets and depreciation

Tangible fixed assets were stated at cost less depreciation. Depreciation was 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 and fittings	15% straight line
Motor vehicles	25% reducing balance

##### Deferred taxation

Deferred taxation was provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred taxation balance had not been discounted.

##### Investments

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

##### Leasing and hire purchase commitments

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

# MALYON LESTRANGE INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (*Continued...*)

### FOR THE 14 MONTHS ENDED 31 MAY 2006

#### 1. Accounting policies (*Continued...*)

##### 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 date ruling at the date of the transaction. All differences are taken to the profit and loss account.

##### Pension costs

The pension costs charged in the financial statements represent the contributions payable by the company during the period.

##### Insurance broking assets and liabilities

The company acted as an agent in broking the insurable risks of its clients and, generally, was not liable as a principal for premiums due to insurance companies or for claims payable to clients. Notwithstanding the company's legal relationship with clients and insurance companies and since in practice premiums were usually accounted for by insurance intermediaries, it has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the company itself.

#### 2. Turnover

Turnover was wholly attributable to the principal activity of the company and arose solely within the United Kingdom.

#### 3. Operating profit (loss)

	14 months to 31 May 2006 £	12 months to 31 March 2005 £
Operating profit (loss) is stated after charging:		
Amortisation of intangible assets	8,050	8,782
Depreciation of tangible assets	33,167	36,125
Loss on disposal of tangible assets	1,573	-
Loss on foreign exchange transactions	-	1,360
Auditors' remuneration - audit services	-	3,525
Auditors' remuneration - non-audit services	12,920	14,100
	<u>          </u>	<u>          </u>

#### 4. Employee costs

Wages and salaries	935,688	1,625,799
Social security costs	105,472	198,992
Other pension costs	15,413	16,814
	<u>          </u>	<u>          </u>
	1,056,573	1,841,605
	<u>          </u>	<u>          </u>

##### Number of employees

	Number	Number
Directors	2	2
Staff	21	22
	<u>          </u>	<u>          </u>
	23	24
	<u>          </u>	<u>          </u>

# MALYON LESTRANGE INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued...)

### FOR THE 14 MONTHS ENDED 31 MAY 2006

#### 5. Director's emoluments

	14 months to 31 May 2006 £	12 months to 31 March 2005 £
Remuneration in respect of directors was as follows:		
Emoluments for qualifying services	291,667	1,050,000
Company pension contributions to money purchase schemes	15,413	16,814
	<u>307,080</u>	<u>1,066,814</u>

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

Emoluments for qualifying services	145,833	525,000
Company pension contributions to money purchase schemes	<u>7,707</u>	<u>8,407</u>

No benefits were accruing to the director under money purchase pension schemes (2005: benefits were accruing to 2 directors).

#### 6. Investment income

Income from participating interests	-	82,428
Income from other fixed asset investments	-	44,410
	<u>-</u>	<u>126,838</u>

#### 7. Interest payable and similar charges

Hire purchase interest	179	154
On overdue tax	-	(90)
	<u>179</u>	<u>64</u>

#### 8. Taxation on profit on ordinary activities

##### (a) Analysis of charge in the period

Current tax:		
UK corporation tax based on the results for the period	112,998	30,981
Total current tax (see (b) below)	<u>112,998</u>	<u>30,981</u>
Deferred tax:		
Deferred tax charge (credit) for the current period	(8,841)	(2,110)
	<u>104,157</u>	<u>28,871</u>

# MALYON LESTRANGE INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (*Continued...*)

### FOR THE 14 MONTHS ENDED 31 MAY 2006

#### 8. Taxation on profit on ordinary activities (*Continued...*)

##### (b) Factors affecting tax charge for the period

	14 months to 31 May 2006 £	12 months to 31 March 2005 £
Profit on ordinary activities before taxation	415,310	154,453
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.61% (2005: 30%)	118,820	46,336
Effects of:		
Expenses not deductible for tax purposes	5,464	11,142
Depreciation for the period in excess of capital allowances	6,033	6,907
Dividends and distributions received	-	(24,728)
Other tax adjustments	(17,319)	(8,676)
Current tax charge for period (see (a) above)	112,998	30,981

#### 9. Dividends

Ordinary interim equity dividends paid	912,666	74,910
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#### 10. Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 April 2005	175,642
Transfer to group undertaking	(175,642)
At 31 May 2006	-
<b>Amortisation</b>	
At 1 April 2005	149,294
Charge for the period	8,050
Transfer to group undertaking	(157,344)
At 31 May 2006	-
<b>Net book value</b>	
At 31 May 2006	-
At 31 March 2005	26,348

# MALYON LESTRANGE INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued...)

FOR THE 14 MONTHS ENDED 31 MAY 2006

### 11. Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 April 2005	167,918	109,260	13,685	290,863
Additions	-	6,518	16,865	23,383
Disposals	-	-	(13,685)	(13,685)
Transfer to group undertaking	(167,918)	(115,778)	(16,865)	(300,561)
	=====	=====	=====	=====
At 31 May 2006	-	-	-	-
	=====	=====	=====	=====
<b>Depreciation</b>				
At 1 April 2005	148,604	55,277	7,912	211,793
Charge for the period	13,383	15,919	3,865	33,167
Eliminated on disposal	-	-	(7,912)	(7,912)
Transfer to group undertaking	(161,987)	(71,196)	(3,865)	(237,048)
	=====	=====	=====	=====
At 31 May 2006	-	-	-	-
	=====	=====	=====	=====
<b>Net book value</b>				
At 31 May 2006	-	-	-	-
	=====	=====	=====	=====
At 31 March 2005	19,314	53,983	5,773	79,070
	=====	=====	=====	=====

Included in the net book value above of £nil (2005: £79,070) is £nil (2005: £5,773) relating to assets held under hire purchase contracts or finance leases. The depreciation charge for the period in relation to these assets was £3,865 (2005: £1,924)

### 12. Debtors

	31 May 2006 £	31 March 2005 £
<b>Due within one year:</b>		
Trade debtors	-	20,149
Amounts owed by group undertakings	1,000	-
Other debtors	-	17,366
Prepayments and accrued income	-	23,380
	=====	=====
	1,000	60,895
	=====	=====

# MALYON LESTRANGE INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued...)

### FOR THE 14 MONTHS ENDED 31 MAY 2006

#### 13. Creditors: amounts falling due within one year

	31 May 2006	31 March 2005
	£	£
Amounts due under hire purchase contracts	-	609
Trade creditors	-	1,029,929
Corporation tax	-	30,981
Accruals and deferred income	-	177,606
	<u>-</u>	<u>1,239,125</u>
<b>Maturity of debt</b>		
Due within one year	<u>-</u>	<u>609</u>

#### 14. Provisions for liabilities and charges

The movement in the deferred taxation account during the period was:

At 1 March 2005	8,841	10,951
Profit and loss account movement	(8,841)	(2,110)
	<u>-</u>	<u>8,841</u>
At 31 May 2006	<u>-</u>	<u>8,841</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

Excess of taxation allowances over depreciation on fixed assets	<u>-</u>	<u>8,841</u>
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#### 15. Share capital

<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

# MALYON LESTRANGE INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(Continued...)*

### FOR THE 14 MONTHS ENDED 31 MAY 2006

#### 16. Statement of movements on profit and loss account

	Profit and loss account £
At 1 April 2005	601,513
Profit for the period	311,153
Dividends paid	(912,666)
	-----
At 31 May 2006	-
	=====

#### 17. Reconciliation of movements in shareholder's funds

	31 May 2006 £	31 March 2005 £
Profit for the period	311,153	119,732
Dividends paid	(912,666)	(74,910)
	-----	-----
Net (reduction) addition to shareholder's funds	(601,513)	44,822
Opening shareholder's funds	602,513	557,691
	-----	-----
Closing shareholder's funds	1,000	602,513
	=====	=====

#### 18. Pension costs

	14 months to 31 May 2006 £	12 months to 31 March 2005 £
Contributions payable by the company for the period	15,413	16,814
	=====	=====

#### 19. Parent undertaking and ultimate controlling party

On 28 February 2006 the company became a wholly owned subsidiary of Oval Limited, which was the ultimate parent company at the balance sheet date. Copies of the consolidated financial statements of Oval Limited are available from Companies House.

#### 20. Contingent liabilities

Barclays Bank Plc, as Security Agent, hold an unlimited cross guarantee over all of the trading subsidiaries of the group and a mortgage debenture that creates a fixed and floating charge over all the assets of the subsidiaries.

# MALYON LESTRANGE INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (*Continued...*)

### FOR THE 14 MONTHS ENDED 31 MAY 2006

#### 21. Related party transactions

The company has taken advantage of the exemption under FRS8, and not disclosed transactions with other wholly owned group companies, on the grounds that consolidated financial statements are produced by the company's ultimate parent company, Oval Limited.

During the period, the company received rental income of £nil (2005: £18,720 from Grew Financial Services Limited, a company in which Mr Malyon and Mr Lestrangle were directors and 25% shareholders up to their resignation in March 2005. The company also received management charges of £49,237 (2005: £38,317) and dividend income of £nil (2005: £82,428) from IVML Underwriting Limited which was 50% owned by Malyon Lestrangle Insurance Services Limited up until 7 October 2004 after which date the shares were owned personally by Mr Malyon and Mr Lestrangle.

At the close of business on 28 February 2006, the trade and net assets were transferred to a fellow subsidiary company, Oval Insurance Broking Limited (formerly Bland Bankart (UK) Limited), following which the company became dormant.