

Company Registration No. 2403909 (England and Wales)

**LAYTON BLACKHAM GROUP LIMITED**  
**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**



# LAYTON BLACKHAM GROUP LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	C L Blackham D T Hopwood G C Bradford C Whitfield
<b>Secretary</b>	V Thanangadan
<b>Company number</b>	2403909
<b>Registered office</b>	Weston House 246 High Holborn London WC1V 7EX
<b>Auditors</b>	Lewis Golden & Co 40 Queen Anne Street London W1G 9EL
<b>Business address</b>	Weston House 246 High Holborn London WC1V 7EX
<b>Bankers</b>	Barclays Bank Plc 50 Pall Mall London SW1A 1QF

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# LAYTON BLACKHAM GROUP LIMITED

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# LAYTON BLACKHAM GROUP LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

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

### Principal activities and review of the business

During the period the company disposed of its principal trading subsidiaries. Since that date and in future periods the principal activity of the company will be that of a holding company.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

### Results and dividends

The results for the year are set out on page 3.

The directors do not recommend payment of an ordinary dividend.

### Directors

The following directors have held office since 1 January 2003:

C L Blackham  
D T Hopwood  
G C Bradford  
C Whitfield

### Directors' interests

The directors did not hold any beneficial interest in the shares of the company during the year.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Lewis Golden & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

### Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period 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 accounts, 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 accounts 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 accounts 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.

By order of the board

  
.....  
V Thanangadan

Secretary

Date: 21/4/04

# LAYTON BLACKHAM GROUP LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LAYTON BLACKHAM GROUP LIMITED

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We have audited the accounts of Layton Blackham Group Limited for the year ended 31 December 2003 which comprise the Profit and Loss Account, the Balance Sheet, and related Notes to the Accounts 1 to 22. These accounts 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 the directors and auditors**

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

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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.

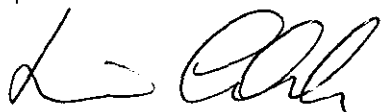
### **Basis of audit opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

### **Opinion**

In our opinion the accounts 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.



**Lewis Golden & Co**

Chartered Accountants and Registered Auditors

40 Queen Anne Street

London

W1G 9EL

Date: 21 April 2004

# LAYTON BLACKHAM GROUP LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
Turnover	2	45,994	497,339
Administrative expenses		(1,246,635)	(1,503,661)
<b>Operating loss</b>	<b>3</b>	<b>(1,200,641)</b>	<b>(1,006,322)</b>
Exceptional item	4	(393,000)	-
Exceptional item arising from disposal of investments		3,621,778	-
<b>Profit/(loss) on ordinary activities before interest</b>		<b>2,028,137</b>	<b>(1,006,322)</b>
Other interest receivable and similar income	5	345,507	279,713
Interest payable and similar charges	6	-	(17,849)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>2,373,644</b>	<b>(744,458)</b>
Tax on profit/(loss) on ordinary activities	7	(3,878)	(64,899)
<b>Profit/(loss) on ordinary activities after taxation</b>	<b>16</b>	<b>2,369,766</b>	<b>(809,357)</b>

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

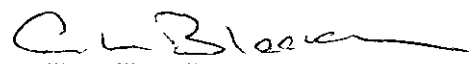
There are no recognised gains and losses other than those passing through the profit and loss account.

# LAYTON BLACKHAM GROUP LIMITED

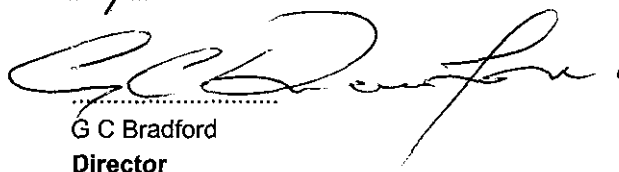
## BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Intangible assets	8		-	953,252	
Tangible assets	9		30,151	525,587	
Investments	10		446,407	5,329,082	
			<u>476,558</u>	<u>6,807,921</u>	
<b>Current assets</b>					
Debtors	11	10,454,457		3,978,135	
Cash at bank and in hand		200		200	
		<u>10,454,657</u>		<u>3,978,335</u>	
<b>Creditors: amounts falling due within one year</b>	12	(14,025,349)		(7,490,199)	
<b>Net current liabilities</b>			(3,570,692)		(3,511,864)
<b>Total assets less current liabilities</b>			<u>(3,094,134)</u>		<u>3,296,057</u>
<b>Creditors: amounts falling due after more than one year</b>	13		-		(8,759,957)
			<u>(3,094,134)</u>		<u>(5,463,900)</u>
<b>Capital and reserves</b>					
Called up share capital	15		1,000		1,000
Profit and loss account	16		(3,095,134)		(5,464,900)
<b>Shareholders' funds - equity interests</b>	17		<u>(3,094,134)</u>		<u>(5,463,900)</u>

The accounts were approved by the Board on 21 April 2004



C L Blackham  
Director



G C Bradford  
Director

# LAYTON BLACKHAM GROUP LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

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### 1 Accounting policies

#### 1.1 Accounting convention

The accounts are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

#### 1.2 Compliance with accounting standards

The accounts are prepared in accordance with applicable accounting standards.

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 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:

Fixtures, fittings & equipment	25% per annum on cost
Motor vehicles	20% per annum on cost

#### 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.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

#### 1.9 Deferred taxation

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.



# LAYTON BLACKHAM GROUP LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 1 Accounting policies

(continued)

#### 1.10 Group accounts

The accounts present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Layton Blackham Holdings Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

### 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 loss

	2003	2002
	£	£
Operating loss is stated after charging:		
Amortisation of intangible assets	-	1,075,572
Depreciation of tangible assets	276,813	290,473
Loss on disposal of tangible assets	16,570	-
Goodwill write off on disposal of investments	953,252	-
Auditors' remuneration	7,050	10,575
Remuneration of auditors for non-audit work	-	3,424
and after crediting:		
Profit on disposal of tangible assets	-	(3,034)

Audit fees are paid by and recharged to Layton Blackham Insurance Brokers Limited, a related company.

### 4 Exceptional item

The company incurred an exceptional charge relating to the pension scheme for the group.

### 5 Investment income

	2003	2002
	£	£
Bank interest	345,507	279,713

### 6 Interest payable

	2003	2002
	£	£
On bank loans and overdrafts	-	17,176
Hire purchase interest	-	673
	-	17,849

# LAYTON BLACKHAM GROUP LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

7	Taxation	2003 £	2002 £
	<b>Current year tax</b>		
	U.K. corporation tax	8,143	64,899
	Adjustment for prior years	(4,265)	-
	<b>Current tax charge</b>	<u>3,878</u>	<u>64,899</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit/(loss) on ordinary activities before taxation	<u>2,373,644</u>	<u>(744,458)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2002: 30.00%)	<u>450,992</u>	<u>(223,337)</u>
	Effects of:		
	Non deductible expenses	184,266	124,812
	Depreciation add back	52,594	321,761
	Capital allowances	(32,270)	(64,013)
	Tax losses utilised	-	(34,193)
	Exceptional Items	(688,138)	-
	Adjustments to previous periods	(4,265)	-
	Group losses (utilised)/available	40,699	(59,302)
	Other tax adjustments	-	(829)
		<u>(447,114)</u>	<u>288,236</u>
	<b>Current tax charge</b>	<u>3,878</u>	<u>64,899</u>

# LAYTON BLACKHAM GROUP LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 8 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 January 2003	5,303,636
Disposals	(5,303,636)
At 31 December 2003	-
<b>Amortisation</b>	
At 1 January 2003	4,350,384
Amortisation on disposals	(4,350,384)
At 31 December 2003	-
<b>Net book value</b>	
At 31 December 2003	-
At 31 December 2002	953,252

### 9 Tangible fixed assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 January 2003	1,049,988	67,395	1,117,383
Intercompany transfers	(530,319)	-	(530,319)
Additions	64,578	-	64,578
Disposals	(456,963)	(15,935)	(472,898)
At 31 December 2003	127,284	51,460	178,744
<b>Depreciation</b>			
At 1 January 2003	547,375	44,421	591,796
On intercompany transfers	(266,774)	-	(266,774)
On disposals	(439,166)	(14,076)	(453,242)
Charge for the year	265,990	10,823	276,813
At 31 December 2003	107,425	41,168	148,593
<b>Net book value</b>			
At 31 December 2003	19,859	10,292	30,151
At 31 December 2002	502,613	22,974	525,587

# LAYTON BLACKHAM GROUP LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 10 Fixed asset investments

	Unlisted investments	Shares in group undertakings	Total
	£	£	£
<b>Cost</b>			
At 1 January 2003	100,000	5,229,082	5,329,082
Additions	-	346,407	346,407
Disposals	-	(5,229,082)	(5,229,082)
At 31 December 2003	100,000	346,407	446,407

#### 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	Shares held Class	%
<b>Subsidiary undertakings</b>			
Ford Loft Financial Services Limited	UK	Ordinary	100

The company has an interest in the preference share capital of Alliance Insurance Management Limited, a company registered in the United Kingdom.

### 11 Debtors

	2003	2002
	£	£
Amounts owed by group undertakings	10,206,234	3,719,848
Other debtors	95,491	159,960
Prepayments and accrued income	152,732	98,327
	10,454,457	3,978,135

### 12 Creditors: amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	10,616	288,782
Trade creditors	406,793	1,031,356
Amounts owed to group undertakings	13,008,984	5,659,065
Corporation tax	8,143	64,899
Other creditors	331,658	302,798
Accruals and deferred income	259,155	143,299
	14,025,349	7,490,199

### 13 Creditors: amounts falling due after more than one year

	2003	2002
	£	£
Amounts owed to group undertakings	-	8,759,957

# LAYTON BLACKHAM GROUP LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

### 14 Pension costs

#### Defined benefit

The company operates a defined benefit pension scheme. A full actuarial valuation was carried out at 1 January 2003 and updated to 31 December 2003 by a qualified independent actuary to take account of the requirements of FRS17 in order to assess the liabilities of the scheme at 31 December 2003. Scheme assets are stated at their market values at respective balance sheet dates.

	2003 %	2002 %
<b>Main FRS17 assumptions used by the actuary</b>		
Rate of increase in pensions in payment and deferred pensions	5.00	5.00
Discount rate	6.00	6.00
Inflation assumption	2.50	2.50

The rate of increase in salaries was not relevant for the current year as there were no active members as at 31 December 2003. The rate used as at 31 December 2002 was 5%.

#### The long term expected rates of return are as follows:

	2003 %	2002 %
Equities	6.50	6.50
Bonds	4.50	4.50
Property	6.00	6.00
Other assets	3.00	3.00

	2003 £	2002 £
<b>The assets in the scheme are as follows:</b>		
Equities	2,879,000	2,290,000
Bonds	2,750,000	2,742,000
Property	209,000	177,000
Other assets	25,000	99,000

Total market value of assets	5,863,000	5,308,000
Present value of scheme liabilities	(7,480,000)	(7,474,000)
Deficit in scheme	(1,617,000)	(2,166,000)

#### Analysis of the amount charged to operating profit

Current service cost	-	184,000
Past service cost	-	-
Total operating charge	-	184,000

#### Analysis of the amount credited to other finance income

Expected return on pension scheme assets	284,000	419,000
Interest on pension scheme liabilities	(436,000)	(518,000)
Other financial income	(152,000)	(99,000)

# LAYTON BLACKHAM GROUP LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 14 Pension costs

(continued)

	2003 £	2002 £
<b>Analysis of amount recognised in the statement of total recognised gains and losses (STRGL)</b>		
Actual return less expected return on pension scheme assets	327,000	(1,058,000)
Experience gains and losses arising on scheme liabilities	-	1,251,000
Changes in assumptions underlying the present value of the scheme liabilities	-	-
	<u>327,000</u>	<u>193,000</u>
Actuarial gain recognised in STRGL	327,000	193,000
<b>Movement in deficit during the year</b>		
Deficit in Scheme at beginning of year	(2,166,000)	(2,436,000)
Current service costs	-	(184,000)
Contributions	374,000	360,000
Past service costs	-	-
Other finance income	(152,000)	(99,000)
Actuarial gains	327,000	193,000
	<u>(1,617,000)</u>	<u>(2,166,000)</u>
Deficit in scheme	(1,617,000)	(2,166,000)
	<u>2003 £</u>	<u>2002 £</u>
<b>History of experience gains and losses</b>		
Difference between the expected and actual return on scheme assets:		
Amount	327,000	(1,058,000)
Percentage of the present value of the scheme liabilities	5.60%	19.90%
Experience gains and losses on scheme liabilities:		
Amount	Nil	1,251,000
Percentage of the present value of the scheme liabilities	-	16.70%
Total amount recognised in statement of recognised gains and losses:		
Amount	327,000	193,000
Percentage of the present value of the scheme liabilities	4.40%	2.60%

Under the current schedule of contributions the group is committed to pay £570,000 each year until June 2006, and £186,000 each year from July 2006 to June 2013. This commitment is affected by post balance sheet events, see Note 22.

# LAYTON BLACKHAM GROUP LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

<b>15 Share capital</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>
<b>16 Statement of movements on profit and loss account</b>		
		<b>Profit and loss account £</b>
Balance at 1 January 2003		(5,464,900)
Retained profit for the year		2,369,766
		<u>          </u>
Balance at 31 December 2003		(3,095,134)
		<u>          </u>
<b>17 Reconciliation of movements in shareholders' funds</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Profit/(Loss) for the financial year	2,369,766	(809,357)
Opening shareholders' funds	(5,463,900)	(4,654,543)
	<u>          </u>	<u>          </u>
Closing shareholders' funds	(3,094,134)	(5,463,900)
	<u>          </u>	<u>          </u>

### 18 Financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Expiry date:		
Within one year	2,069	13,194
Between two and five years	-	45,941
In over five years	49,684	55,114
	<u>          </u>	<u>          </u>
	51,753	114,249
	<u>          </u>	<u>          </u>

# LAYTON BLACKHAM GROUP LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 19 Employees

#### Number of employees

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

	2003 Number	2002 Number
Staff including directors	49	88

During the year the costs of all staff, including directors, were recharged to other group companies.

### 20 Control

The ultimate parent company is Layton Blackham Holdings Limited (formerly known as Earlyweigh Limited), a company registered in England and Wales.

Layton Blackham Holdings Limited prepares group accounts and copies can be obtained from Weston House, 246 High Holburn, London, WC1V 7EX.

### 21 Related party transactions

During the year the company paid salaries and invoices on behalf of CTC Consulting Limited, a subsidiary undertaking. At the year end the company owed CTC Consulting Limited £66,611 (2002: £63,230).

At the year end the company was owed £1,191,996 by Layton Blackham Underwriting Limited, £163,378 by LBBS Limited and £8,850,860 by Layton Blackham Limited, fellow subsidiaries. The company also owed £3,439,776 to Layton Blackham Insurance Brokers Limited and £742,640 to Layton Blackham Financial Services Limited, its fellow subsidiaries and £8,759,957 to Layton Blackham Holdings Limited, its parent company.

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with other group companies on the grounds that consolidated accounts are prepared by the ultimate parent company.

### 22 Post balance sheet events

After the balance sheet date certain members of the pension scheme transferred their rights out of the scheme with the result that future commitments will be significantly less than those disclosed in Note 14.