

LAYTON BLACKHAM GROUP LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2000



LAYTON BLACKHAM GROUP LIMITED

COMPANY INFORMATION

Directors

C L Blackham
D T Hopwood
C Whitfield
G Bradford

Secretary

V Thanangadan

Company Number

2403909

Registered Office

51 Lincoln's Inn Fields
London
WC2A 3LZ

Business Address

51 Lincoln's Inn Fields
London
WC2A 3LZ

Auditors

Lewis Golden & Co
40 Queen Anne Street
London
W1G 9EL

Bank

Barclays Bank
Piccadilly Corporate Banking Centre
London
SW1A 1QF

LAYTON BLACKHAM GROUP LIMITED

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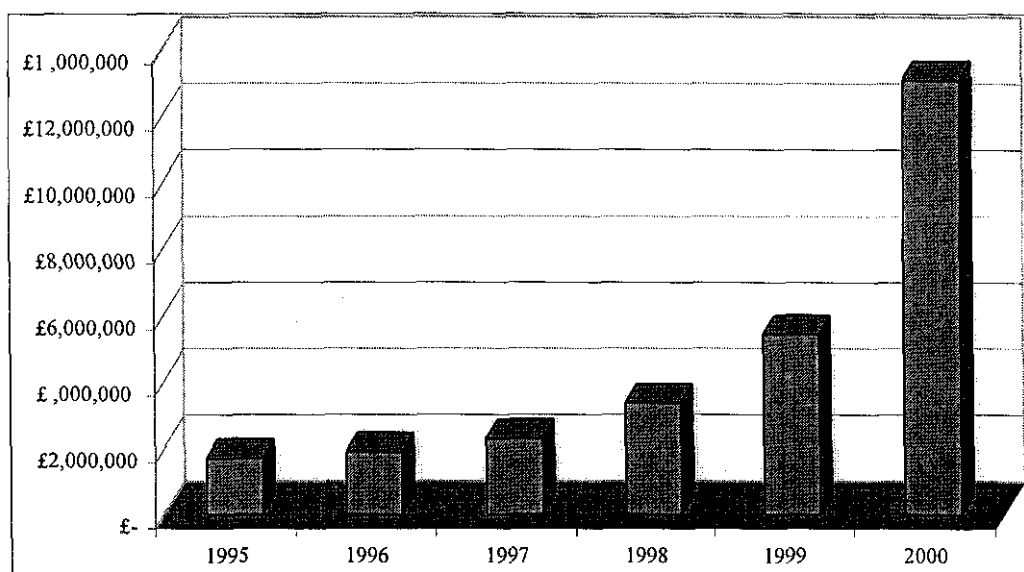
LAYTON BLACKHAM GROUP LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

The year 2000 was a phenomenal year for Layton Blackham as we established the Group at the forefront of our chosen market.

As a direct result of our 'Quantum Leap' initiative which combines acquisitive and organic growth Layton Blackham became the country's largest unlisted composite insurance broking group providing personal local service from fourteen regional offices underpinned by the benefits of a nationwide company.

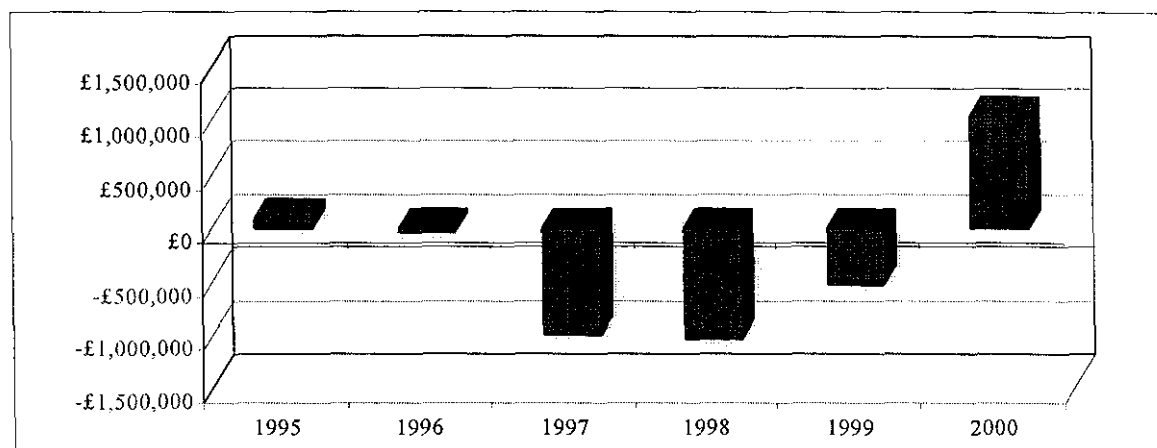
Since the launch of Quantum Leap at the start of 1997 Group annual revenue has increased by 595%.



* 1997 was a 15 month accounting period. Turnover above adjusted accordingly

Layton Blackham's staff are our greatest asset and their ability to absorb change and to go the extra mile have been the key ingredients to the Company's successful growth in 2000.

The Group's operating profit (before tax and goodwill) has, in line with the original Quantum Leap business plan, turned around from a loss of £1.035million in 1998 to a profit of £1.056 million in 2000 with a further improvement forecast in 2001.



* 1997 was a 15 month accounting period. Turnover above adjusted accordingly

LAYTON BLACKHAM GROUP LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

As a result of the Group's strong performance the board has decided to be even more prudent in writing off goodwill and has reduced the write off period from 10 years to the lesser of the price calculation period or two years and consequently has written off £7,039,805 in this year of account.

Of significant note during the period was the acquisition of Chambers and Newman Limited who enjoy not only strong commercial and property insurance expertise but who are also one of the leading financial service teams in the composite market.

The Group is now committed to consolidating and building on our strengths and investing in training and information technology that will enable us to drive cost from and quality into the insurance business process ensuring we are able us to compete more swiftly and cost effectively for our clients.

Future acquisitions will be undertaken either to establish new strategic regional centres or to add value to, and provide economies of scale for, existing offices.

Layton Blackham has entered 2001 not only larger but stronger and more profitable.



1/7/01

CHRIS BLACKHAM

CHAIRMAN & CHIEF EXECUTIVE

LAYTON BLACKHAM GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and accounts for the year ended 31 December 2000.

Principal activities and review of the business

The principal activities of the company continued to be those of insurance intermediaries and underwriting agents and a holding company for subsidiary insurance brokers and intermediaries.

Results and dividends

The results for the year are set out on page 6. The directors do not propose the payment of a final dividend.

It is proposed that the retained consolidated profit of £ 6,004,953 is transferred to reserves.

Directors

The following directors have held office during the year.

C L Blackham
D T Hopwood
P Mountford (resigned 24/7/00)
C Whitfield
G Bradford

Directors' Interests

The directors who served during the year and their beneficial interests in the shares of the company were as stated below.

		Ordinary shares of £1 each	
		31 December 2000	31 December 1999
C L Blackham		-	-
D T Hopwood		-	-
P Mountford	(resigned 24/7/00)	-	-
C Whitfield		-	-
G Bradford		-	-

CL Blackham's interest in the shares of Earlyweigh Limited, the holding company of Layton Blackham Group Limited, is shown in the accounts of that company.

LAYTON BLACKHAM GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Lewis Golden & Co be re-appointed as auditors of the company will be put to the Annual General Meeting. The auditors, being eligible, have indicated their willingness to accept reappointment.

Directors' Responsibilities

Company law requires the directors to prepare accounts 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 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

Director



Date

3/7/01

LAYTON BLACKHAM GROUP LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts on pages 6 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 12 and 13.

Respective responsibilities of the director and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. 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 other financial information contained in the Annual Report, and consider whether it is consistent with the audited accounts. 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 accounts. Our responsibilities do not extend to any other information.

Basis of 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 preparation of the accounts, and of whether the accounting policies are appropriate to the company's and the group'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 affairs of the company and group as at 31 December 2000 and of the group loss and cashflows 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 3 July 2001

LAYTON BLACKHAM GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
Turnover	2	13,115,313	5,448,484
Cost of sales		(15,040)	(540,026)
Gross profit		13,100,273	4,908,458
Administrative expenses		(12,291,686)	(5,466,852)
Operating Profit/(loss)	4	808,587	(558,394)
Other income and interest receivable		248,619	46,997
Interest payable and similar charges	5	(1,090)	(18,444)
Profit before amortisation		1,056,116	(529,841)
Amortisation		(7,039,805)	(250,064)
Profit/(loss) on ordinary activities before taxation		(5,983,689)	(779,905)
Tax on profit on ordinary activities	6	(21,264)	-
Profit/(loss) for the year	16	(6,004,953)	(779,905)

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2000

	Notes	Group 2000 £	1999 £	Company 2000 £	1999 £
Fixed Assets					
Goodwill	7	2,277,547	2,839,165	2,511,358	1,010,965
Tangible assets	8	899,275	746,140	570,076	553,719
Investments	9	118,501	1	6,129,248	2,359,479
		<u>3,295,323</u>	<u>3,585,306</u>	<u>9,210,682</u>	<u>3,924,163</u>
Current Assets					
Debtors	10	9,040,444	5,850,344	6,417,175	2,948,400
Cash at bank and in hand		4,035,883	1,560,890	635,654	96,503
		<u>13,076,327</u>	<u>7,411,234</u>	<u>7,052,829</u>	<u>3,044,903</u>
Creditors: amounts falling due within one year	11	(14,468,277)	(8,089,998)	(10,203,590)	(5,103,363)
Net current assets/(liabilities)		<u>(1,391,950)</u>	<u>(678,764)</u>	<u>(3,150,761)</u>	<u>(2,058,460)</u>
Total assets less current liabilities		1,903,373	2,906,542	6,059,921	1,865,703
Creditors: amounts falling due after more than one year	12	(11,060,263)	(6,058,479)	(10,850,996)	(6,028,121)
		<u>(9,156,890)</u>	<u>(3,151,937)</u>	<u>(4,791,075)</u>	<u>(4,162,418)</u>
Capital and reserves					
Called up share capital	15	1,000	1,000	1,000	1,000
Profit and loss account	16	(9,157,890)	(3,152,937)	(4,792,075)	(4,163,418)
Equity shareholders' Funds	17	<u>(9,156,890)</u>	<u>(3,151,937)</u>	<u>(4,791,075)</u>	<u>(4,162,418)</u>

The accounts were approved by the Board on **3 July 2001**.

Director

C. Bloom
03/07/01

Director

G. O'Brien
03/07/01

LAYTON BLACKHAM GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

	2000 £	1999 £
Net cash inflow/(outflow) from operating activities (note 1)	(520,629)	516,914
Returns on investments and servicing of finance		
Interest received	248,619	46,997
Interest paid	2,220,144	(18,444)
Net cash outflow from returns on investments and servicing of finance	2,468,763	28,553
Taxation		
Corporation tax paid	(17,846)	-
Investing activities		
Payments to acquire goodwill	(469,841)	(829,339)
Payments to acquire fixed assets	(311,495)	(429,108)
Payments to acquire fixed asset investments	(100,000)	-
Receipts from sale of tangible fixed assets	55,792	-
Net cash inflow from capital expenditure	(825,544)	(1,258,447)
Acquisitions and disposals (note 4)	583,813	8,047
Net cash inflow before financing	1,688,557	(704,933)
Financing		
Parent company loan	3,157,903	1,706,300
Capital element of hire purchase rental payments	(79,655)	(64,110)
	3,078,248	1,642,190
(Decrease) / increase in cash (note 2)	4,766,805	937,257
Reconciliation of net cash flow to movement in net debt		
(Decrease) / increase in cash in the period	4,766,805	937,257
Cash inflow from increase in debt and lease financing	(3,320,413)	(1,770,411)
Change in net debt resulting from cash flow	1,446,392	(833,154)
New finance leases	77,946	60,722
Change in net debt	1,524,338	(772,432)
Net funds at 1 January 2000	(3,358,517)	(2,586,085)
Net debt at 31 December 2000 (note 2)	(1,834,179)	(3,358,517)

LAYTON BLACKHAM GROUP LIMITED

COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

	2000 £	1999 £
Net cash (outflow)/inflow from operating activities (note 1)	(1,527,028)	(556,610)
Returns on investments and servicing of finance		
Interest received	248,619	27,303
Interest paid	2,220,144	(14,795)
Net cash outflow from returns on investments and servicing of finance	2,468,763	12,508
Taxation		
Corporation tax paid	-	-
Investing activities		
Payments to acquire tangible fixed assets	(266,644)	(407,510)
Payments to acquire intangible fixed assets	(802,882)	(652,958)
Payments to acquire investments	(547,363)	-
Net cash inflow from investing activities	(1,616,889)	(1,060,468)
Acquisitions and disposals	-	-
Net cash inflow before financing	(675,154)	(1,604,570)
Financing		
Cash from parent company	3,206,891	1,706,300
Capital element of hire purchase rental payments	-	-
Loan issue	-	(33,419)
		31,960
	3,206,891	1,704,841
Decrease in cash (note 2)	2,531,737	100,271
Reconciliation of net cash flow to movement in net debt		
Decrease in cash in the period	2,531,737	100,271
Cash (inflow) / outflow from increase in debt and lease financing	(1,640,257)	(1,739,720)
Change in net debt resulting from cash flow	891,480	(1,639,449)
New finance leases	-	21,754
Change in net debt	891,480	(1,617,695)
Net funds at 1 January 2000	(4,760,080)	(3,142,385)
Net debt at 31 December 2000 (note 2)	(3,868,600)	(4,760,080)

LAYTON BLACKHAM GROUP LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

Note 1 Reconciliation of operating profit to net cash flow from operating activities

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Operating profit/(loss)	808,587	(558,394)	795,927	(1,402,376)
Depreciation and amortisation charges	421,883	206,193	250,287	177,274
Decrease/(increase) in debtors	2,220,144	(151,135)	(3,792,813)	59,669
Increase/(decrease) in creditors	(5,039,563)	(41,644)	1,095,740	795,064
Net cashflow from operating activities excluding movements in client debtor balances and insurance company creditor	(1,588,949)	(544,980)	(1,650,859)	(370,369)
(Increase) in client debtor balances	(3,017,710)	(958,276)	324,039	(482,196)
Increase in insurance company creditors	4,086,030	2,020,170	(200,208)	295,955
Net cashflow from operating activities	(520,629)	516,914	(1,527,028)	(556,610)

Note 2 Analysis of changes in net debt - Group

	At 1 January 2000	Cashflow	Non Cashflow	At 31 December 2000
	£	£	£	£
Cash at bank and in hand	413,776	856,384	-	1,270,160
Overdrafts	(70,578)	(228,632)	-	(299,210)
	343,198	627,752	-	970,950
Client cash	1,147,114	1,917,819	-	3,064,933
	1,490,312	2,545,571	-	4,035,883
Finance leases	(77,946)	(162,511)	77,946	(162,511)
Debt due after one year :-				
Loan from parent undertaking	(4,770,883)	(3,157,902)	-	(7,928,785)
Total	(3,358,517)	(774,842)	77,946	(4,055,413)

LAYTON BLACKHAM GROUP LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

Note 2 Analysis of changes in net debt - Company

	At 1 January 2000 £	Cashflow £	Non Cashflow £	At 31 December 2000 £
Cash at bank and in hand	350	-	-	350
Overdrafts	(70,218)	(228,642)	-	(298,860)
	(69,868)	(228,642)	-	(298,510)
Client cash	96,153	539,151	-	635,304
	26,285	310,509	-	336,794
Finance leases	(15,482)	5,071	-	(10,417)
Debt due after one year :-				
Loans to subsidiaries	-	1,512,575	-	1,512,575
Loan from parent undertaking	(4,770,883)	(3,157,903)	-	(7,928,786)
Total	(4,760,080)	(1,329,748)	-	(6,089,834)

Note 3 Purchase of subsidiary undertakings

	2000 £	1999 £
Net assets acquired		
Tangible fixed assets	319,315	124,859
Investments	18,500	-
Debtors	2,392,533	411,912
Cash at bank and in hand	2,600,479	258,112
Creditors	(4,873,842)	(715,092)
Bank overdrafts	-	(65)
Loans and finance leases	-	(33,335)
	456,985	46,391
Goodwill	5,644,015	1,773,362
	6,101,000	1,819,753
Satisfied by		
Cash paid	2,016,666	534,753
Creditors	4,084,334	1,285,000
	6,101,000	1,819,753

Note 4 Acquisitions and disposals

	2000 £	1999 £
Purchase of subsidiary undertaking	(2,016,666)	(250,000)
Net cash acquired with subsidiary undertaking	2,600,479	258,047
	583,813	8,047

LAYTON BLACKHAM GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

1 Accounting Policies

1.1 Accounting convention

The accounts are prepared under the historic cost convention.

1.2 Group accounts

The consolidated accounts comprise the accounts for the company and its wholly owned trading subsidiary. As provided by section 288 of The Companies Act, 1985, no profit and loss account is presented for the company.

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the accounts of the company and its subsidiary undertakings made up to 31 December 2000. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

In respect of transactions with its 100% subsidiary undertakings the company has taken advantage of the exemption within FRS 8 from disclosure of such transactions where they are eliminated on consolidation.

1.4 Compliance with accounting standards

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

1.5 Turnover

Turnover comprises invoiced commission, direct debit fees and survey fees receivable, and all relates to continuing operations.

1.6 Goodwill and intangibles

Purchased goodwill and goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired and has been accounted for in accordance with FRS 10. Goodwill is amortised so as to write it off over its useful life.

1.7 Tangible fixed assets and depreciation

Fixed assets are depreciated so as to write them off over their useful lives at the following rates:-

Motor vehicles	20% per annum on cost
Office fixtures and equipment	25% per annum on cost
Leasehold property	10% per annum on cost

1.8 Pensions

The pension cost charges in the accounts represent the contributions payable by the company during the period in accordance with SSAP 24.

1.9 Deferred taxation

Deferred taxation is provided at the current rate on all timing differences likely to reverse within the foreseeable future.

1.10 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 the 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.

LAYTON BLACKHAM GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

1 Accounting Policies continued

1.11 Development Expenditure

Development expenditure incurred for a specific project is deferred to match with future revenues where a feasibility study has shown that the project is commercially viable.

2 Turnover

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

3 Profit for the Financial Year

As permitted by section 230 of the Companies Act 1985, the company's profit and loss account has not been included in these accounts. The profit for the financial year is made up as follows:

	2000 £	1999 £
Company's loss for the financial year	628,657	1,498,914

4 Consolidated Operating Profit

	2000 £	1999 £
Operating loss is stated after charging:-		
Staff costs (see note 18)	8,309,202	3,623,641
Depreciation of tangible assets	421,883	206,193
Auditors' remuneration	-	16,328
Remuneration of auditors for non-audit work	-	14,899

5 Interest Payable

	2000 £	1999 £
On bank loans repayable within 5 years	1,090	5,472
On other loans repayable within 5 years	-	12,972
On other loans repayable within 5 years	1,090	18,444

6 Taxation

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
UK current year taxation				
UK corporation tax at 20% (1999: 21%)	21,264	-	-	-
(Under) provision in previous years	-	-	-	-

LAYTON BLACKHAM GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

7 Intangible Fixed Assets

	Group Goodwill £	Company Goodwill £
Cost		
At 1 January 2000	3,426,362	1,398,811
Fair value adjustment	(109,892)	(84,892)
Re-classified from investments	-	1,531,472
Additions	6,588,079	1,724,758
At 31 December 2000	9,904,549	4,570,149
Depreciation		
At 1 January 2000	587,197	387,846
Charge for the year	7,039,805	1,670,945
At 31 December 2000	7,627,002	2,058,791
Net Book Value		
At 31 December 2000	2,277,547	2,511,358
At 1 January 2000	2,839,165	1,010,965

8 Tangible Fixed Assets

8.1 Group

	Leasehold property £	Fixtures & Fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2000	79,749	1,340,996	278,571	1,699,316
Additions	2,144	624,790	446,315	1,073,249
Fair value adjustment	-	(96,337)	(110,520)	(206,857)
Disposals	-	(808,209)	(96,006)	(904,215)
At 31 December 2000	81,893	1,061,240	518,360	1,661,493
Depreciation				
At 1 January 2000	18,020	839,566	95,590	953,176
Fair value adjustment	-	(70,113)	(69,474)	(139,587)
On acquisitions	-	212,449	162,720	375,169
On disposals	-	(800,223)	(48,200)	(848,423)
Charge for the period	-	329,656	92,227	421,883
At 31 December 2000	18,020	511,335	232,863	762,218
Net book value				
At 31 December 2000	63,873	549,905	285,497	899,275
At 1 January 2000	61,729	501,430	182,981	746,140

LAYTON BLACKHAM GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

8 Tangible Fixed Assets continued

8.2 Company

	Leasehold property £	Fixtures & Fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2000	70,695	1,102,527	75,155	1,248,378
Additions	2,144	242,937	-	245,081
Transfers from group companies	-	-	49,243	49,243
Disposals	-	(808,209)	-	(808,209)
At 31 December 2000	72,839	537,256	124,398	734,493
Depreciation				
At 1 January 2000	8,965	661,998	23,696	694,659
Transfers from group companies	-	-	19,693	19,693
On disposals	-	(800,223)	-	(800,223)
Charge for the year	-	230,412	19,875	250,287
At 31 December 2000	8,965	92,188	63,264	164,417
Net book value				
At 31 December 2000	63,874	445,068	61,134	570,076
At 1 January 2000	61,730	440,529	51,460	553,719

9 Investments held as fixed assets

The company owns the ordinary share capital of the following companies which are incorporated in Great Britain and are all wholly owned subsidiaries:

	Cost £	Profit £	Capital & Reserves £
Layton Blackham Insurance Brokers Limited	10,000	15,639	1,078,921
Layton Blackham Group Financial Services Limited	847,796	78,741	281,649
Chambers and Newman Limited	5,171,452	(33,633)	299,498

The principal activity of these undertakings for the last financial year was as follows:

	Principal activity
Layton Blackham Insurance Brokers Limited	Insurance broking
Layton Blackham Group Financial Services Limited	Financial services
Chambers and Newman Limited	Insurance broking

The company also own £100,000 of the preference share capital of Alliance Insurance Management Limited.

The net assets and trade of Ford Loft Group Limited and Frederick Anker Limited were transferred during the year to Layton Blackham Insurance Brokers Limited. In line with GAAP the cost of investment less the fair value of the net assets has been reanalysed as goodwill in the company accounts.

LAYTON BLACKHAM GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

10 Debtors

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Amounts owed to group undertakings	-	-	3,687,629	50,101
Trade debtors	8,116,952	5,099,242	2,194,372	2,518,411
Other debtors	257,062	165,238	41,296	28,003
Prepayments and accrued income	666,430	585,864	493,878	351,885
Corporation tax recoverable	-	-	-	-
	<u>9,040,444</u>	<u>5,850,344</u>	<u>6,417,175</u>	<u>2,948,400</u>

11 Creditors: amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank loans and overdrafts	-	70,578	298,860	70,218
Net obligations under hire purchase	-	-	5,067	5,067
Trade creditors	10,616,529	6,530,499	3,070,959	2,443,521
Amounts owed to group undertakings	-	-	3,357,877	1,351,804
Corporation tax	25,289	21,870	-	-
Other taxes and social security costs	189,631	137,148	131,815	113,711
Other creditors	232,982	252,100	262,026	160,285
Accruals and deferred income	733,955	451,335	205,917	131,111
Acquisition creditors	2,669,891	626,468	2,871,069	827,646
	<u>14,468,277</u>	<u>8,089,998</u>	<u>10,203,590</u>	<u>5,103,363</u>

The company has given a cross guarantee to the group's bankers in respect of its parent company and its subsidiary companies Layton Blackham Insurance Brokers Limited and Frederick Anker Limited.

12 Creditors: amounts falling due after more than one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Amounts owed to group companies	7,928,785	4,770,883	7,928,786	4,770,883
Other creditors	201,180	143,013	106,961	143,013
Obligations under hire purchase contracts	120,397	40,775	5,350	10,416
Acquisition creditors	2,809,901	1,103,808	2,809,899	1,103,808
	<u>11,060,263</u>	<u>6,058,479</u>	<u>10,850,996</u>	<u>6,028,120</u>

LAYTON BLACKHAM GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

13 Acquisitions

On 1 January the company purchased 100% of the issued share capital of Chambers and Newman Limited for consideration of £5 million, plus acquisition costs. On 1 April the company purchased 100% of the issued share capital of Severn Valley Group Limited for consideration of £726,000, plus acquisition costs. During the year the company also purchased a number of books of business, none of which was individually material.

The fair values of the assets and liabilities of Chambers and Newman Limited, Severn Valley Group Limited and the other acquisitions are set out below. The purchases have been accounted for as acquisitions.

Book Value and Fair Value at Acquisition

	Chambers &Newman	Severn Valley	Other
	£	£	£
Fixed assets:			
Tangible assets	279,315	40,000	-
Investments	18,500	-	-
Debtors	2,217,210	175,323	-
Cash at bank and in hand	2,333,335	267,144	-
Creditors: amounts falling due within one year	(4,515,229)	(358,613)	-
Fair value of the net assets acquired	333,131	123,854	-
Goodwill	4,863,321	629,786	794,972
Consideration (satisfied by cash and creditors)	5,196,452	753,640	794,972

Chambers and Newman Limited contributed £393,578 to the group's net operating cash flows.

14 Obligations under hire purchase contracts

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Obligations are due as follows				
Within 1 year	42,114	37,170	5,067	5,067
Between 1 to 5 years	120,397	40,776	5,350	10,416
	<u>162,511</u>	<u>77,946</u>	<u>10,417</u>	<u>15,483</u>

15 Share Capital

	2000	1999
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

LAYTON BLACKHAM GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

16 Statement of movements on profit and loss account

	Group 2000 £	1999 £	Company 2000 £	1999 £
Balance at 1 January 2000	(3,152,937)	(2,373,032)	(4,163,418)	(2,664,504)
Retained profit/(loss) for the financial year	(6,004,953)	(779,905)	(628,657)	(1,498,914)
Balance at 31 December 2000	<u>(9,157,890)</u>	<u>(3,152,937)</u>	<u>(4,792,075)</u>	<u>(4,163,418)</u>

17 Reconciliation of Movements in Shareholders' Funds

	Group 2000 £	1999 £	Company 2000 £	1999 £
Opening shareholders' funds as previously stated	(3,151,937)	(2,372,032)	(4,162,418)	(2,663,504)
Retained (loss) for the financial year	(6,004,953)	(779,905)	(628,657)	(1,498,914)
Closing shareholders' funds	<u>(9,156,890)</u>	<u>(3,151,937)</u>	<u>(4,791,075)</u>	<u>(4,162,418)</u>

18 Employees

Number of employees

The average weekly number of employees (including directors) employed by the group during the year was:

	2000 Number	1999 Number
Total	324	166
Employment costs	£	£
Wages and salaries	7,430,809	3,192,517
Social security costs	467,730	343,315
Pension costs	410,663	87,809
	<u>8,309,202</u>	<u>3,623,641</u>

LAYTON BLACKHAM GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

19 Directors' Emoluments

	Company	
	2000	1999
	£	£
Directors' emoluments	278,500	275,000

Included in the above are amounts paid to the highest paid director, C.L. Blackham, who received £74,000 (1999: £74,000).

20 Related Party Transactions

At the balance sheet date the company owed C.L. Blackham, a director of the company £31,960.

Wholly owned subsidiary company Frederick Anker Limited was owed £5,568 at the year end by P. Parkes a director of that company.

LAYTON BLACKHAM GROUP LIMITED

**COMPANY TRADING STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2000**

	31.12.00	31.12.99
	£	£
TURNOVER	1,660,255	1,100,720
COST OF SALES		
Directors' remuneration	-	194,250
Printing, postage, stationery and telephone	-	12,600
	-	206,850
ADMINISTRATIVE EXPENSES		
Wages and salaries	1,698,987	1,159,652
Rent, rates, insurance and cleaning	544,918	292,778
Depreciation	250,287	177,272
Printing, postage, stationery and telephone	371,680	123,871
Amortisation of goodwill	367,673	109,046
Legal, professional and consultancy	315,288	81,938
Directors' remuneration	278,500	80,750
Travelling and motor expenses	72,508	51,896
Sundry expenses	81,334	50,695
Recruitment and redundancy costs	98,153	46,599
Acquisition costs	34,990	36,271
Pension contributions	44,973	28,641
Entertaining	26,145	28,262
Repairs, maintenance and computer running costs	171,908	27,311
Advertising	100,346	26,028
Accountancy	36,983	25,315
Interest payable	29,631	14,795
Staff training and welfare	10,059	14,241
Subscriptions	19,685	13,263
Temporary staff	48,175	12,682
Bank charges	41,649	11,179
Light and heat	8,824	5,356
Bad debts	168	2,246
Interest receivable	(103,758)	(27,303)
Relocation costs	2,622	-
Charitable donations	1,610	-
	4,553,338	2,392,784
NET LOSS BEFORE TAXATION	(2,893,083)	(1,498,914)
TAXATION	-	-
NET LOSS AFTER TAXATION	(2,893,083)	(1,498,914)