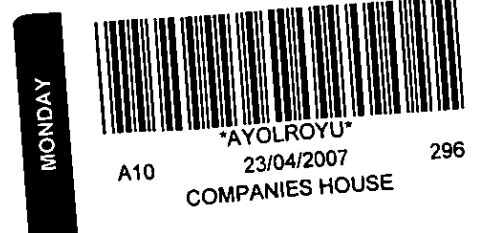


# WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

## ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 OCTOBER 2006

)



# **WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

## **COMPANY INFORMATION**

<b>Directors</b>	G P Cook D A Dove M Cox P Westgate
<b>Secretary</b>	D A Dove
<b>Company number</b>	02511992
<b>Registered office</b>	128 Bevan Street East Lowestoft Suffolk NR32 2AQ
<b>Auditors</b>	PKF (UK) LLP East Coast House Galahad Road Beacon Park Gorleston Great Yarmouth NR31 7RU

# **WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

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# **WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2006**

The directors present their report and the financial statements for the year ended 31 October 2006

### **Principal activities**

The company's principal activity was the provision of insurance brokering services

### **Business review**

The directors measure the companies performance based on its overall profitability which includes maximising its commission levels and managing wages and salaries being the company's main overhead. The results of the company are detailed in the attached financial statements

The directors consider the results for the year to be satisfactory and anticipate developing the company further in the coming year

The principal risk which the company monitors and actively controls, which is a common risk to all companies in this industry, is compliance with the FSA regulations and managing professional standards

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk. The company only has a small level of transactions in foreign currency, resulting in minimal exposure to foreign exchange risk

### **Results**

The profit for the year, after taxation, amounted to £60,417 (2005 - £24,716)

### **Directors**

The directors who served during the year were

G P Cook  
D A Dove  
M Cox  
P Westgate

G P Cook and D A Dove have an interest in the shares of the company as a result of their interest in Waveney Insurance Brokers Limited, the ultimate parent company

### **Political and charitable contributions**

During the year the company made charitable donations of £400

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 OCTOBER 2006**

**Provision of information to auditors**

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

This report was approved by the board on *18 April 2007*

and signed on its behalf

  
D A Dove

## **WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 OCTOBER 2006**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

**INDEPENDENT AUDITORS' REPORT TO WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED  
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts, which comprise the abbreviated profit and loss account, the balance sheet, the cash flow statement and the related notes, together with the financial statements of Waveney Insurance Brokers (Commercial) Limited for the year ended 31 October 2006 prepared under section 226 of the Companies Act 1985

This report is made solely to the company, in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

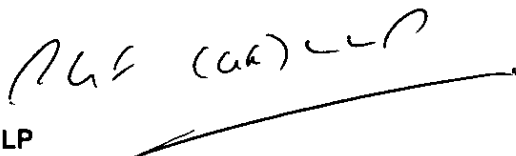
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 A(3) of the Companies Act 1985, and the abbreviated accounts on pages 5 to 20 have been properly prepared in accordance with those provisions.



**PKF (UK) LLP**

Registered auditors

Great Yarmouth, UK

19 April 2007

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

**ABBREVIATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 OCTOBER 2006**

	<b>Note</b>	<b>2006 £</b>	<b>2005 £</b>
<b>GROSS PROFIT</b>	<b>2</b>	<b>3,381,010</b>	2,639,862
Selling and distribution costs		<b>(26,821)</b>	(19,658)
Administrative expenses		<b>(3,270,449)</b>	(2,571,671)
<b>OPERATING PROFIT</b>	<b>2</b>	<b>83,740</b>	48,533
Interest receivable		<b>53,557</b>	23,641
Interest payable	<b>5</b>	<b>(34,428)</b>	(5,602)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>102,869</b>	66,572
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>6</b>	<b>(42,452)</b>	(41,856)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>60,417</b>	24,716

All amounts relate to continuing operations

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account

The notes on pages 8 to 20 form part of these financial statements



**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

**ABBREVIATED BALANCE SHEET  
AS AT 31 OCTOBER 2006**

	Note	£	2006 £	£	2005 £
<b>FIXED ASSETS</b>					
Intangible fixed assets	7		695,729		884,650
Tangible fixed assets	8		300,502		209,292
Fixed asset investments	9		2,099		1,099
			<u>998,330</u>		<u>1,095,041</u>
<b>CURRENT ASSETS</b>					
Stocks		4,000		4,000	
Debtors	10	1,778,632		1,717,927	
Cash at bank		1,000,003		1,233,490	
		<u>2,782,635</u>		<u>2,955,417</u>	
<b>CREDITORS</b> amounts falling due within one year	11	(2,767,306)		(2,882,628)	
<b>NET CURRENT ASSETS</b>			<u>15,329</u>		<u>72,789</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,013,659</u>		<u>1,167,830</u>
<b>CREDITORS</b> amounts falling due after more than one year	12		(388,161)		(612,147)
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	13		(24,398)		(15,000)
<b>NET ASSETS</b>			<u>601,100</u>		<u>540,683</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		6,322		6,322
Share premium account	15		116,344		116,344
Profit and loss account	15		478,434		418,017
<b>SHAREHOLDERS' FUNDS - All equity</b>	16		<u>601,100</u>		<u>540,683</u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved and authorised for issue by the board and were signed on its behalf on *16 April 2007*

  
G P Cook  
Director

The notes on pages 8 to 20 form part of these financial statements

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

**Abbreviated CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 OCTOBER 2006**

	<b>Note</b>	<b>2006 £</b>	<b>2005 £</b>
Net cash flow from operating activities	24	<b>(149,356)</b>	583,066
Returns on investments and servicing of finance	25	<b>19,129</b>	18,040
Taxation		-	(28,856)
Capital expenditure and financial investment	25	<b>(55,900)</b>	(39,358)
<b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		<b>(186,127)</b>	532,892
Financing	25	<b>(47,360)</b>	(34,820)
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(233,487)</b>	498,072

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 OCTOBER 2006**

	<b>2006 £</b>	<b>2005 £</b>
(Decrease)/Increase in cash in the year	<b>(233,487)</b>	498,072
Cash outflow from decrease in debt and lease financing	<b>47,360</b>	54,820
<b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>(186,127)</b>	552,892
New finance lease	<b>(133,899)</b>	-
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(320,026)</b>	552,892
Net funds at 1 November 2005	<b>1,186,084</b>	633,192
<b>NET FUNDS AT 31 OCTOBER 2006</b>	<b>866,058</b>	1,186,084

The notes on pages 8 to 20 form part of these financial statements

# WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2006

### 1. ACCOUNTING POLICIES

#### 1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group

#### 1.2 Turnover

Brokerage commission and fees are recognised when the premiums on which that commission is earned are due and as the company fulfils its obligations. Under the company's current business terms, there are contractual obligations to provide certain services in relation to that commission and where these services are incomplete, a proportion of that income is deferred until its obligations are fulfilled

#### 1.3 Intangible fixed assets

Amortisation is provided at rates calculated to write off the cost of intangible fixed assets, less their estimated residual values, over their expected useful lives

Purchased goodwill is amortised over 7 and 20 years

Purchased goodwill that was previously being amortised over 10 years is now being amortised over 7 years as the directors consider this to be more reflective of the useful economic life. The effect of this is to increase the current year's amortisation charge by £93,825

#### 1.4 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Property improvements	-	15%	reducing balance
Plant & equipment etc	-	20-25%	reducing balance
Motor vehicles	-	20%	reducing balance

#### 1.5 Finance and operating leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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

## WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2006

#### **1 ACCOUNTING POLICIES (continued)**

##### **1.6 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

##### **1.7 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

##### **1.8 Insurance brokering debtors and creditors**

i Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance brokering transactions are shown as assets and liabilities. This recognises that the insurance broker is entitled to retain the investment income on any cash flows arising from these transactions

ii Debtors and creditors arising from a transaction between client and insurers (eg a premium or a claim) are recorded simultaneously. Consequently, there is a high level of correlation between the totals reported of insurance brokering debtors and insurance brokering creditors

iii the position of the insurance broker as agent means that generally the credit risk is borne by the principals. There can be circumstances where the insurance broker acquires credit risk through statute, or through the act or omission of the insurance broker or of one of the principals. There is much legal uncertainty surrounding the circumstances and the extent of such exposures, and consequently cannot be evaluated. However, the total of insurance brokering debtors appearing in the balance sheet is not an indication of credit risk

iv It is normal practice for insurance brokers to settle accounts with other intermediaries, clients, insurers and market settlement bureaux on a net basis. Thus, large changes in both insurance brokering debtors and creditors can result from comparatively small cash settlements. For this reason, the totals of insurance brokering debtors and creditors give no indication of future cash flows

v The legal status of this practice of net settlement is uncertain and in the event of an insolvency it is generally abandoned. Financial Reporting Standard No 5 "Reporting the substance of transactions" requires that offset of assets and liabilities should be recognised in financial statements where, and only where, the offset would survive the insolvency of the other party. Accordingly, only such offsets have been recognised in calculating brokering debtors and creditors

# **WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2006**

### **1. ACCOUNTING POLICIES (continued)**

#### **1.9 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

### **2 OPERATING PROFIT**

The operating profit is stated after charging

	2006 £	2005 £
Amortisation - intangible fixed assets	188,921	96,178
Depreciation of tangible fixed assets		
- owned by the company	34,055	20,340
- held under finance leases	35,903	34,398
Auditors' remuneration	7,000	6,500
Client money audit work	2,500	2,500
Operating lease charges - property	62,158	65,299
Operating lease charges - plant	-	5,382
Profit/loss on sale of tangible assets	6,958	3,974
	<u>188,921</u>	<u>96,178</u>

### **3 STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	2006 £	2005 £
Wages and salaries	1,582,904	1,268,145
Social security costs	188,645	142,333
Other pension costs	37,153	35,667
	<u>1,808,702</u>	<u>1,446,145</u>

The average monthly number of employees, including the directors, during the year was as follows

	2006 No.	2005 No.
Insurance advisors	47	47
Administration	14	14
	<u>61</u>	<u>61</u>

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 OCTOBER 2006**

**4. DIRECTORS' REMUNERATION**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>199,840</b>	151,460
	<hr/>	<hr/>
Company pension contributions to money purchase pension schemes	<b>4,876</b>	5,290
	<hr/>	<hr/>

During the year retirement benefits were accruing to 2 directors (2005 - 2) in respect of money purchase pension schemes

**5 INTEREST PAYABLE**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	<b>4,265</b>	647
On finance leases and hire purchase contracts	<b>7,663</b>	4,955
On loans from group undertakings	<b>22,500</b>	-
	<hr/>	<hr/>
	<b>34,428</b>	5,602
	<hr/>	<hr/>

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 OCTOBER 2006**

**6 TAXATION**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Analysis of tax charge in the year</b>		
<b>Current tax (see note below)</b>		
UK corporation tax charge on profits of the year	<b>39,054</b>	27,378
Adjustments in respect of prior periods	<b>(6,000)</b>	3,478
<b>Total current tax</b>	<b>33,054</b>	30,856
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>1,279</b>	11,000
Effect of increased tax rate on opening liability	<b>8,119</b>	-
<b>Total deferred tax (see note 13)</b>	<b>9,398</b>	11,000
<b>Tax on profit on ordinary activities</b>	<b>42,452</b>	41,856

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%) The differences are explained below

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<b>102,869</b>	66,572
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 - 30%)	<b>30,861</b>	19,972
<b>Effects of</b>		
Expenses not deductible for tax purposes	<b>17,288</b>	15,346
Capital allowances for year in excess of depreciation	<b>(6,978)</b>	(7,252)
Group relief	-	(9,235)
Tax adjustments and other timing differences	<b>5,699</b>	2,547
Marginal relief	<b>(9,316)</b>	-
Adjustments to tax charge in respect of prior periods	<b>(6,000)</b>	3,478
Over provision of corporation tax	<b>1,500</b>	6,000
<b>Current tax charge for the year (see note above)</b>	<b>33,054</b>	30,856

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 OCTOBER 2006**

**7. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>Cost</b>	
At 1 November 2005 and 31 October 2006	1,152,799
<b>Amortisation</b>	
At 1 November 2005	268,149
Charge for the year	188,921
At 31 October 2006	457,070
<b>Net book value</b>	
At 31 October 2006	695,729
At 31 October 2005	884,650

**8. TANGIBLE FIXED ASSETS**

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 November 2005	11,324	171,943	201,195	384,462
Additions	15,520	118,288	34,839	168,647
Disposals	-	-	(11,884)	(11,884)
At 31 October 2006	26,844	290,231	224,150	541,225
<b>Depreciation</b>				
At 1 November 2005	6,991	93,164	75,015	175,170
Charge for the year	2,203	39,375	28,380	69,958
On disposals	-	-	(4,405)	(4,405)
At 31 October 2006	9,194	132,539	98,990	240,723
<b>Net book value</b>				
At 31 October 2006	17,650	157,692	125,160	300,502
At 31 October 2005	4,333	78,779	126,180	209,292

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2006 £	2005 £
Plant and machinery	64,569	-
Motor vehicles	71,643	126,067
	136,212	126,067



# WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2006

### 9. FIXED ASSET INVESTMENTS

	Unlisted invest- ments £
<b>Cost or valuation</b>	
At 1 November 2005	299,358
Additions	1,000
	<hr/>
At 31 October 2006	300,358
	<hr/>
<b>Provisions</b>	
At 1 November 2005 and 31 October 2006	298,259
	<hr/>
<b>Net book value</b>	
At 31 October 2006	2,099
	<hr/>
At 31 October 2005	1,099
	<hr/>

Investments include a participating interest in Risk Management Analysis Services Limited, a company incorporated in Great Britain, comprising a holding of 50% of its issued ordinary capital

The latest accounts are unavailable for Risk Management Analysis Services Limited. In the year ended 31 December 2005, Risk Management Analysis Services Limited made a loss after tax of £(6,270) and at the end of that year the aggregate of its capital and reserves was £(12,737)

Investments also include an investment in TBB Limited, a company incorporated in Great Britain, comprising a holding of 100% of its issued ordinary capital

During its latest financial year TBB Limited made a profit of £Nil (2005 - £Nil) and at the end of that year the aggregate of its capital and reserves was £99 (2005 - £99)

During the year the company purchased 100% of the issued share capital of Waveney Group Schemes Limited (previously known as Waveney Insurance Services Limited), a company incorporated in Great Britain

During its latest financial year Waveney Group Schemes Limited did not trade and at the end of that year the aggregate of its capital and reserves was £2,505 (2005 - £2,505)

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 OCTOBER 2006**

**10 DEBTORS**

	2006 £	2005 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	50,000	-
<b>Due within one year</b>		
Trade debtors	1,676,952	1,650,365
Other debtors	37,008	39,083
Prepayments and accrued income	14,672	28,479
	<u>1,778,632</u>	<u>1,717,927</u>

Trade debtors represent amounts due in respect of insurance brokering transactions

**11 CREDITORS**

**Amounts falling due within one year**

	2006 £	2005 £
Net obligations under finance leases and hire purchase contracts	45,783	35,259
Trade creditors	2,061,134	2,356,790
Amounts owed to group undertakings	109,067	284,227
Corporation tax	39,054	6,000
Social security and other taxes	50,646	45,798
Other creditors	7,614	2,240
Accruals and deferred income	454,008	152,314
	<u>2,767,306</u>	<u>2,882,628</u>

Finance lease and hire purchase creditors are secured on the assets concerned

Trade creditors represent amounts relating to insurance brokering transactions

**12 CREDITORS**

**Amounts falling due after more than one year**

	2006 £	2005 £
Net obligations under finance leases and hire purchase contracts	88,161	12,147
Amounts owed to group undertakings	300,000	600,000
	<u>388,161</u>	<u>612,147</u>

# **WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2006**

### **12 CREDITORS**

#### **Amounts falling due after more than one year (continued)**

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2006 £	2005 £
Between one and five years	<u>88,161</u>	<u>12,147</u>

Finance lease and hire purchase creditors are secured on the assets concerned

### **13. DEFERRED TAXATION**

	2006 £	2005 £
At 1 November 2005	15,000	4,000
Charge for the year	<u>9,398</u>	<u>11,000</u>
At 31 October 2006	<u><u>24,398</u></u>	<u><u>15,000</u></u>

The provision for deferred taxation is made up as follows

	2006 £	2005 £
Accelerated capital allowances	26,009	15,000
Short term timing differences	<u>(1,611)</u>	<u>-</u>
	<u><u>24,398</u></u>	<u><u>15,000</u></u>

There is potential liability of £20,600 (2005 - £22,000) relating to goodwill purchase from a fellow group company which has a nil cost for taxation purposes. Deferred tax is not provided in this respect as the company has no intention of selling the goodwill in the foreseeable future.

### **14. SHARE CAPITAL**

	2006 £	2005 £
<b>Authorised</b>		
20,000 Ordinary "A" shares shares of £1 each	20,000	20,000
10,000 Ordinary "B" shares shares of 1p each	<u>100</u>	<u>100</u>
	<u><u>20,100</u></u>	<u><u>20,100</u></u>
<b>Allotted, called up and fully paid</b>		
6,316 Ordinary "A" shares shares of £1 each	6,316	6,316
642 Ordinary "B" shares shares of 1p each	<u>6</u>	<u>6</u>
	<u><u>6,322</u></u>	<u><u>6,322</u></u>

# **WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2006**

### **14 SHARE CAPITAL (continued)**

The 'A' and 'B' shares rank pari passu in all respects except that 'B' shares can only be held by employees

'B' shareholders have no right to participate in further issues of 'A' shares

### **15 RESERVES**

	Share premium account £	Profit and loss account £
At 1 November 2005	116,344	418,017
Profit retained for the year		60,417
	<u>116,344</u>	<u>478,434</u>
At 31 October 2006		

### **16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2006 £	2005 £
Opening shareholders' funds	540,683	495,967
Profit for the year	60,417	24,716
Shares issued during the year	-	1
Share premium on shares issued (net of expenses)	-	19,999
	<u>601,100</u>	<u>540,683</u>
Closing shareholders' funds		

### **17 CONTINGENT LIABILITIES**

The company has guaranteed the bank loans of its parent company, Waveney Insurance Brokers Limited. At the balance sheet date, the maximum amount payable on these loans was £67,320 (2005 - £94,411)

## WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2006

#### 18 RELATED PARTY TRANSACTIONS

The following transactions with group companies and companies in which the company holds a significant interest are included in the financial statements -

##### Creditors

TBB Limited, subsidiary £99 (2005 - £99)

Waveney Insurance Brokers Limited, parent company, £400,643 (2005 - £884,128)

Waveney Financial Services Limited, fellow subsidiary, £8,325 (2005 - £NIL)

##### Debtors

Risk Management Analysis Services Limited, a company in which this company holds an interest, £36,728 (2005 - £15,984)

Waveney Group Schemes Limited, subsidiary, £50,000 (2005 - £NIL)

##### Management charges

The company paid management charges of £275,920 (2005 - £149,663) to Waveney Insurance Brokers Limited, the parent company

The company paid management charges of £15,000 (2005 - £15,000) to Waveney Financial Services Limited, a fellow subsidiary

##### Other fees

The company paid fees of £5,523 (2005 - £5,053) to Risk Management Analysis Services Limited, a company in which this company holds an interest

The company paid £22,500 (2005 - £NIL) to Waveney Insurance Brokers Limited, the parent company, as interest on the loan account balance

The company paid £Nil (2005 - £17,497) to Waveney Financial Services Limited and £Nil (2005 - £3,881) to Waveney Insurance Brokers Limited as compensation for the surrender of tax losses under the group relief regulations

##### Fixed asset investments

The company purchased shares in Waveney Group Schemes Limited (formerly Waveney Insurance Services Limited) from Waveney Insurance Brokers Limited at cost

#### 19 CAPITAL COMMITMENTS

At 31 October 2006 the company had capital commitments as follows

	2006 £	2005 £
Contracted for but not provided in these financial statements	<u>24,720</u>	<u>-</u>

#### 20 PENSION COMMITMENTS

The company operates a defined contribution group personal pension plan, the assets of which are held separately from those of the company in an independently administered fund

The pension cost charge represents contributions payable by the company to the scheme and amounted to £37,153 (2005 - £35,667) At the year end there were contributions amounting to £5,371 (2005 - £Nil) outstanding

# **WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2006**

### **21 OPERATING LEASE COMMITMENTS**

At 31 October 2006 the company had annual commitments under non-cancellable operating leases as follows

	<b>Land and buildings</b>	
	<b>2006</b>	<b>2005</b>
<b>Expiry date.</b>		
Within 1 year	<b>1,152</b>	<b>-</b>
Between 2 and 5 years	<b>58,980</b>	<b>58,827</b>

### **22 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company is controlled by Waveney Insurance Brokers Limited  
In the opinion of the directors this is the company's ultimate parent company  
Waveney Insurance Brokers Limited is ultimately controlled by no single individual shareholder

### **23 INSURANCE BUSINESS MONIES**

The company uses separately designated insurance brokering accounts for the receipt and payment of all insurance business monies Included in cash at bank and in hand was £773,894 (2005 - £1,049,672) relating to these transactions

### **24 NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Operating profit	<b>83,740</b>	<b>48,533</b>
Amortisation of intangible fixed assets	<b>188,921</b>	<b>96,178</b>
Depreciation of tangible fixed assets	<b>69,958</b>	<b>54,737</b>
Loss on disposal of tangible fixed assets	<b>6,958</b>	<b>3,974</b>
Increase in stocks	<b>-</b>	<b>(3,181)</b>
(Increase)/decrease in debtors	<b>(60,703)</b>	<b>243,990</b>
Increase/(decrease) in creditors	<b>16,256</b>	<b>(136,304)</b>
Training costs funded by finance leases	<b>20,674</b>	<b>-</b>
(Decrease)/increase in amounts owed to group undertakings	<b>(475,160)</b>	<b>275,139</b>
<b>Net cash (outflow)/inflow from operations</b>	<b>(149,356)</b>	<b>583,066</b>

### **25 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	<b>53,557</b>	<b>23,641</b>
Interest paid	<b>(26,765)</b>	<b>(647)</b>
Hire purchase interest	<b>(7,663)</b>	<b>(4,954)</b>
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>19,129</b>	<b>18,040</b>

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 OCTOBER 2006**

**25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2006 £	2005 £
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	-	(10,000)
Purchase of tangible fixed assets	(55,422)	(37,403)
Sale of tangible fixed assets	522	8,045
Purchase of unlisted and other investments	(1,000)	-
	<u>(55,900)</u>	<u>(39,358)</u>
<b>Net cash outflow from capital expenditure</b>	<u>(55,900)</u>	<u>(39,358)</u>
	2006 £	2005 £
<b>Financing</b>		
Issue of ordinary shares	-	20,000
Repayment of finance leases	(47,360)	(54,820)
	<u>(47,360)</u>	<u>(34,820)</u>
<b>Net cash outflow from financing</b>	<u>(47,360)</u>	<u>(34,820)</u>

**26 ANALYSIS OF CHANGES IN NET DEBT**

	1 November 2005 £	Cash flow £	Other non-cash changes £	31 October 2006 £
Cash at bank and in hand	1,233,490	(233,487)	-	1,000,003
<b>Debt</b>				
Debts due within one year	(35,259)	47,360	(57,885)	(45,784)
Debts falling due after more than one year	(12,147)	-	(76,014)	(88,161)
	<u>1,186,084</u>	<u>(186,127)</u>	<u>(133,899)</u>	<u>866,058</u>
<b>Net funds</b>	<u>1,186,084</u>	<u>(186,127)</u>	<u>(133,899)</u>	<u>866,058</u>