

WAVENEY INSURANCE BROKERS (NORWICH) LIMITED

ANNUAL REPORT

YEAR ENDED 31 OCTOBER 2001



PKF

WAVENEY INSURANCE BROKERS (NORWICH) LIMITED

COMPANY INFORMATION

Directors	G P Cook D A Dove
Secretary	D A Dove
Company Number	02511992
Registered Office	128 Bevan Street East Lowestoft Suffolk NR32 2AQ
Auditors	PKF 19/21 Surrey Street Lowestoft Suffolk NR32 1LP

WAVENEY INSURANCE BROKERS (NORWICH) LIMITED

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WAVENEY INSURANCE BROKERS (NORWICH) LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 OCTOBER 2001

The directors submit their report and the financial statements for the year ended 31 October 2001.

Principal activity

The company's principal activity was the provision of insurance broking services. The subsidiary companies did not trade during the year.

Directors

The directors who served during the year were:

G P Cook

D A Dove

D A Dove who retires by rotation, being eligible, offers himself for re-election.

Change of name

The company is in the process of changing its name to Waveney Insurance Brokers (Commercial) Limited.

Basis of preparation

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board


D A Dove
Secretary

29 April 2002

WAVENEY INSURANCE BROKERS (NORWICH) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
WAVENEY INSURANCE BROKERS (NORWICH) LIMITED**

We have audited the financial statements of Waveney Insurance Brokers (Norwich) Limited for the year ended 31 October 2001 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PKF

Registered Auditors

Lowestoft, UK
29 April 2002

WAVENEY INSURANCE BROKERS (NORWICH) LIMITED**PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 OCTOBER 2001**

	Notes	2001 £	2000 £
TURNOVER	2	424,001	458,866
Administrative expenses		(387,437)	(412,638)
Other operating income		18,000	-
OPERATING PROFIT	3	54,564	46,228
Interest receivable		8,677	7,387
Interest payable		(5,549)	(7,625)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		57,692	45,990
TAXATION	4	(13,414)	(13,528)
PROFIT FOR THE FINANCIAL YEAR		44,278	32,462
DIVIDENDS		(40,000)	(40,000)
PROFIT/(LOSS) RETAINED FOR THE YEAR		4,278	(7,538)

WAVENEY INSURANCE BROKERS (NORWICH) LIMITED

BALANCE SHEET

31 OCTOBER 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Intangible	5	152,348	161,034
Tangible	6	76,556	91,313
Investments	7	1,099	1,099
		<u>230,003</u>	<u>253,446</u>
CURRENT ASSETS			
Debtors	8	362,907	477,955
Cash at bank and in hand		366,803	197,305
		<u>729,710</u>	<u>675,260</u>
CREDITORS: amounts falling due within one year	9	(742,023)	(708,201)
NET CURRENT LIABILITIES		<u>(12,313)</u>	<u>(32,941)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>217,690</u>	<u>220,505</u>
CREDITORS: amounts falling due after more than one year	10	(148,467)	(155,200)
PROVISIONS FOR LIABILITIES AND CHARGES	11	(4,804)	(5,164)
NET ASSETS		<u>64,419</u>	<u>60,141</u>
CAPITAL AND RESERVES			
Called up share capital	12	6,316	6,316
Share premium account	13	16,350	16,350
Profit and loss account	13	41,753	37,475
		<u>64,419</u>	<u>60,141</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on 29 April 2002

Signed on behalf of the board of directors

Director

WAVENEY INSURANCE BROKERS (NORWICH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2001

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

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

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

(b) Turnover

Turnover comprises commissions and fees at invoice value less trade discounts allowed and excluding value added tax. Credit is taken for commissions when the premiums on which that commission is earned are due.

(c) Intangible fixed assets

Purchased goodwill is amortised over 20 years.

(d) 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

(e) Finance and operating leases

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease on a straight line basis.

Operating lease rentals are charged in the profit and loss accounts on a straight line basis over the lease term.

(f) Deferred taxation

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

(g) Pensions

The company operates a defined contribution, group money purchase pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

WAVENEY INSURANCE BROKERS (NORWICH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2001

1 ACCOUNTING POLICIES (continued)

(h) Insurance broking 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 broking transactions are shown as assets and liabilities. This recognises that the insurance broker is entitled to retain the investment income on any cashflows 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 in respect of insurance broking debtors and insurance broking 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 they cannot be evaluated. However, the total of insurance broking 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 broking debtors and creditors can result from comparatively small cash settlements. For this reason, the totals of insurance broking debtors and creditors give no indication of future cashflows.

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 insurance broking debtors and creditors.

2 TURNOVER

All turnover arose within the United Kingdom.

WAVENEY INSURANCE BROKERS (NORWICH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2001

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2001 £	2000 £
Amortisation of intangible assets	8,686	8,636
Depreciation of tangible fixed assets:		
- owned by the company	11,407	14,899
- held under finance lease or hire purchase contracts	9,735	12,169
Audit fees	3,600	3,600
Operating lease charges - property	24,662	21,748
	<u>24,662</u>	<u>21,748</u>

No directors received any emoluments (2000 - £NIL).

No directors (2000 - none) were members of company pension schemes.

4 TAXATION

	2001 £	2000 £
Current year taxation		
UK corporation tax	13,774	13,069
Deferred tax	(360)	(784)
Total UK taxation	<u>13,414</u>	<u>12,285</u>
Adjustments in respect of prior periods		
Corporation tax	-	1,243
	<u>13,414</u>	<u>13,528</u>

5 INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 November 2000 and 31 October 2001	<u>173,700</u>
Amortisation	
At 1 November 2000	12,666
Charge for the year	8,686
At 31 October 2001	<u>21,352</u>
Net book amount	
At 31 October 2001	<u>152,348</u>
At 31 October 2000	<u>161,034</u>

WAVENEY INSURANCE BROKERS (NORWICH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2001

6 TANGIBLE FIXED ASSETS

	Property improvements £	Plant & equipment etc. £ £	Total
Cost			
At 1 November 2000	7,301	145,860	153,161
Additions	-	6,385	6,385
	<hr/>	<hr/>	<hr/>
At 31 October 2001	7,301	152,245	159,546
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 November 2000	4,682	57,166	61,848
Charge for the year	365	20,777	21,142
	<hr/>	<hr/>	<hr/>
At 31 October 2001	5,047	77,943	82,990
	<hr/>	<hr/>	<hr/>
Net book amount			
At 31 October 2001	2,254	74,302	76,556
	<hr/>	<hr/>	<hr/>
At 31 October 2000	2,619	88,694	91,313
	<hr/>	<hr/>	<hr/>

The net book amounts of Plant & equipment etc. above include £38,941 (2000 - £48,677) in respect of assets held under finance leases or hire purchase contracts.

7 FIXED ASSET INVESTMENTS

	Total £
Cost	
At 1 November 2000 and 31 October 2001	299,358
	<hr/>
Provisions	
At 1 November 2000 and 31 October 2001	298,259
	<hr/>
Net book amount	
At 31 October 2001	1,099
	<hr/>
At 31 October 2000	1,099
	<hr/>

WAVENEY INSURANCE BROKERS (NORWICH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2001

7 FIXED ASSET INVESTMENTS (continued)

Investments include an investment in a subsidiary, Waveney Insurance Services (Norwich) Limited, a company incorporated in Great Britain, comprising a holding of 100% of its issued ordinary capital.

During its latest financial year Waveney Insurance Services (Norwich) Limited made a profit after tax of £NIL (2000 - £NIL) and at the end of that year the aggregate of its capital and reserves was £1,399 (2000 - £1,399).

Investments 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 after tax of £NIL (2000 - £NIL) and at the end of that year the aggregate of its capital and reserves was £99 (2000 - £99).

8 DEBTORS

	2001 £	2000 £
Trade debtors	281,548	396,635
Amounts owed by group undertakings	77,950	77,950
Other debtors	3,409	3,370
	<u>362,907</u>	<u>477,955</u>

9 CREDITORS:

Amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	528	1,462
Trade creditors	534,776	514,245
Amounts owed to group undertakings	154,347	67,446
Corporation tax	13,774	13,069
Other taxation and social security	4,835	5,874
Net obligations under finance lease and hire purchase contracts	6,733	13,984
Other creditors	27,030	92,121
	<u>742,023</u>	<u>708,201</u>

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

The bank facility is secured.

WAVENEY INSURANCE BROKERS (NORWICH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2001

10 CREDITORS:

Amounts falling due after more than one year

	2001 £	2000 £
Amounts owed to group undertakings	105,133	105,133
Net obligations under finance lease and hire purchase contracts	-	6,733
Other creditors	43,334	43,334
	<u>148,467</u>	<u>155,200</u>

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

11 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 November 2000	5,164
Credited to profit and loss	(360)
At 31 October 2001	<u>4,804</u>

Deferred tax is analysed as follows:

	Provided		Not provided	
	2001 £	2000 £	2001 £	2000 £
Accelerated capital allowances	4,804	5,164	-	-
Other timing differences	-	-	46,000	48,000
	<u>4,804</u>	<u>5,164</u>	<u>46,000</u>	<u>48,000</u>

The other timing differences relate to goodwill purchased from a fellow group company and 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.

12 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid	
		No	£
At 1 November 2000 and 31 October 2001			
Ordinary shares of £1 each	20,000	6,316	6,316
	<u>20,000</u>	<u>6,316</u>	<u>6,316</u>

WAVENEY INSURANCE BROKERS (NORWICH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2001

13 RESERVES

Profit and loss account	£
At 1 November 2000	37,475
Profit for the year	44,278
Dividends	(40,000)
At 31 October 2001	<u>41,753</u>

14 OTHER COMMITMENTS

At 31 October 2001 the company had annual commitments under operating leases as follows:

	2001	2000
	£	£
Expiry date:		
After more than five years	<u>22,650</u>	<u>22,650</u>

15 TRANSACTIONS WITH RELATED PARTIES

The following transactions with group companies are included in the financial statements:-

Creditors

Waveney Insurance Brokers Limited, parent company, **£259,381** (2000 - £172,480).

TBB Limited, subsidiary, **£99** (2000 - £99).

Debtors

Waveney Life and Pensions Limited, fellow group member, **£77,950** (2000 - £76,515).

Management charges

Waveney Insurance Brokers Limited received **£18,000** (2000 - paid £52,272).

16 POST BALANCE SHEET EVENTS

Since the year end the company has taken over the commercial insurance broking business of the parent company and is in the process of changing its name to Waveney Insurance Brokers (Commercial) Limited.

17 PENSION COSTS

The company operates a defined contribution, group money purchase pension scheme, the assets of which are held separately from those of the company in an independently administered fund.

Contributions made by the company to the scheme during the year amounted to **£11,745** (2000 - £24,822).

WAVENEY INSURANCE BROKERS (NORWICH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2001

18 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The company is controlled by Waveney Insurance Brokers Limited.

In the opinion of the directors this is the company's ultimate parent company and ultimate controlling party.