



Accountants and business advisors

# WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

(FORMERLY WAVENEY INSURANCE BROKERS  
(NORWICH) LIMITED)

REGISTERED NUMBER 02511992

FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2002



A04  
COMPANIES HOUSE

\*A3GUENUK\*

0279  
28/08/03

# WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

## COMPANY INFORMATION

<b>Directors</b>	G P Cook D A Dove M Cox
<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 19/21 Surrey Street Lowestoft Suffolk NR32 1LP

PKF

# WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

## CONTENTS

	<b>Page</b>
DIRECTORS' REPORT	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	2
AUDITORS' REPORT	3 - 4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 15

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 OCTOBER 2002**

The directors submit their report and the financial statements for the year ended 31 October 2002.

**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 and their interests in the company's issued share capital at the balance sheet date and at the start of the year (or date of appointment, if later) were:

	Ordinary 'A' shares of £1 each		Ordinary 'B' shares of 1p each	
	2002	2001	2002	2001
G P Cook	1	1	-	-
D A Dove	-	-	-	-
M Cox (appointed 24 December 2001)	-	-	5	-

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.

**Developments in the year**

On 1 November 2001, the company had taken over the commercial insurance broking business of the parent company, Waveney Insurance Brokers Limited.

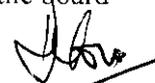
**Change of name**

On 2 May 2002 the company changed 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  
Director

27 August 2003

PKF

**WAVENEY INSURANCE BROKERS (COMMERCIAL) 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.

PKF

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**

We have audited the financial statements of Waveney Insurance Brokers (Commercial) Limited for the year ended 31 October 2002 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's 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 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.

PKF

INDEPENDENT AUDITORS' REPORT (continued)

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 2002 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  
27 August 2003

PKF

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 OCTOBER 2002**

	Notes	2002 £	2001 £
<b>TURNOVER</b>	<b>2</b>	<b>1,353,876</b>	424,001
Administrative expenses		(1,190,496)	(387,437)
Other operating income		-	18,000
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>163,380</b>	54,564
Interest receivable		7,767	8,677
Interest payable		(11,638)	(5,549)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>159,509</b>	57,692
<b>TAXATION</b>	<b>5</b>	<b>(47,200)</b>	(13,414)
		<hr/>	<hr/>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>112,309</b>	44,278
<b>DIVIDENDS</b>		-	(40,000)
		<hr/>	<hr/>
<b>PROFIT RETAINED FOR THE YEAR</b>		<b>112,309</b>	4,278
		<hr/> <hr/>	<hr/> <hr/>

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**  
**BALANCE SHEET**  
**31 OCTOBER 2002**

	Notes	2002 £	2001 £
<b>FIXED ASSETS</b>			
Intangible	6	143,663	152,348
Tangible	7	85,953	76,556
Investments	8	1,099	1,099
		<u>230,715</u>	<u>230,003</u>
<b>CURRENT ASSETS</b>			
Stocks		688	-
Debtors	9	2,276,529	362,907
Cash at bank and in hand		739,598	366,803
		<u>3,016,815</u>	<u>729,710</u>
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(2,975,449)</u>	<u>(742,023)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>41,366</u>	<u>(12,313)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>272,081</u>	<u>217,690</u>
<b>CREDITORS: amounts falling due after more than one year</b>	11	(9,584)	(148,467)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	(5,769)	(4,804)
<b>NET ASSETS</b>		<u><u>256,728</u></u>	<u><u>64,419</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	6,321	6,316
Share premium account	14	96,345	16,350
Profit and loss account	14	154,062	41,753
		<u>256,728</u>	<u>64,419</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 27 August 2002

Signed on behalf of the board of directors

G P Cook

  
Director

PKF

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2002**

**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 June 2002).

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**

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 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**

The company provides for deferred taxation on a full provision basis.

**(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 (COMMERCIAL) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2002**

**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.

PKF

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2002**

**3 OPERATING PROFIT**

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

	2002	2001
	£	£
Amortisation of intangible assets	8,685	8,686
Depreciation of tangible fixed assets:		
- owned by the company	13,833	11,407
- held under finance lease or hire purchase contracts	7,788	9,735
Audit fees	6,000	3,600
Operating lease charges - property	<u>24,228</u>	<u>24,662</u>

No directors (2001 - none) were members of company pension schemes.

**4 DIRECTORS' EMOLUMENTS AND BENEFITS**

	2002	2001
	£	£
Aggregate of directors' emoluments and other benefits as defined in paragraph 1 of Sch 6 to the Companies Act 1985	<u>92,216</u>	<u>-</u>

No directors (2001 - none) were members of company pension schemes.

**5 TAXATION**

	2002	2001
	£	£
<b>Current year taxation</b>		
UK corporation tax	46,235	13,774
<b>Deferred tax</b>		
Origination and reversal of timing differences	965	(360)
	<u>47,200</u>	<u>13,414</u>

PKF

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2002**

**6 INTANGIBLE FIXED ASSETS**

	<b>Goodwill</b> £
<b>Cost</b>	
At 1 November 2001 and 31 October 2002	<u>173,700</u>
<b>Amortisation</b>	
At 1 November 2001	21,352
Charge for the year	8,685
At 31 October 2002	<u>30,037</u>
<b>Net book amount</b>	
At 31 October 2002	<u>143,663</u>
At 31 October 2001	<u>152,348</u>

**7 TANGIBLE FIXED ASSETS**

	<b>Property improvements</b> £	<b>Plant &amp; machinery etc.</b> £	<b>Total</b> £
<b>Cost</b>			
At 1 November 2001	7,301	152,245	159,546
Additions	-	31,018	31,018
At 31 October 2002	<u>7,301</u>	<u>183,263</u>	<u>190,564</u>
<b>Depreciation</b>			
At 1 November 2001	5,047	77,943	82,990
Charge for the year	365	21,256	21,621
At 31 October 2002	<u>5,412</u>	<u>99,199</u>	<u>104,611</u>
<b>Net book amount</b>			
At 31 October 2002	<u>1,889</u>	<u>84,064</u>	<u>85,953</u>
At 31 October 2001	<u>2,254</u>	<u>74,302</u>	<u>76,556</u>

The net book amounts of Plant & equipment etc. above include £31,153 (2001 - £38,941) in respect of assets held under finance leases or hire purchase contracts.

PKF

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2002**

**8 FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>Cost</b>	
At 1 November 2001 and 31 October 2002	<u>299,358</u>
<b>Provisions</b>	
At 1 November 2001 and 31 October 2002	<u>298,259</u>
<b>Net book amount</b>	
At 31 October 2002	<u>1,099</u>
At 31 October 2001	<u><u>1,099</u></u>

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** (2001 - £NIL) and at the end of that year the aggregate of its capital and reserves was **£1,399** (2001 - £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** (2001 - £NIL) and at the end of that year the aggregate of its capital and reserves was **£99** (2001 - £99).

**9 DEBTORS**

	2002	2001
	£	£
Trade debtors	2,195,222	281,548
Amounts owed by group undertakings	77,950	77,950
Other debtors	3,357	3,409
	<u>2,276,529</u>	<u>362,907</u>
	<u><u>2,276,529</u></u>	<u><u>362,907</u></u>

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2002**

**10 CREDITORS:**

**Amounts falling due within one year**

	2002	2001
	£	£
Bank overdrafts	1,604	528
Trade creditors	2,589,836	534,776
Amounts owed to group undertakings	206,909	154,347
Corporation tax	46,099	13,774
Other taxation and social security	20,863	4,835
Net obligations under finance lease and hire purchase contracts	7,668	6,733
Other creditors	102,470	27,030
	<u>2,975,449</u>	<u>742,023</u>

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

The bank facility is secured.

**11 CREDITORS:**

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

	2002	2001
	£	£
Amounts owed to group undertakings	-	105,133
Net obligations under finance lease and hire purchase contracts	9,584	-
Other creditors	-	43,334
	<u>9,584</u>	<u>148,467</u>

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

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2002**

**12 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Deferred Total £</b>
At 1 November 2001	4,804
Debited to profit and loss	965
	5,769
At 31 October 2002	5,769

Deferred tax is analysed as follows:

	<b>2002 £</b>	<b>2001 £</b>
Accelerated capital allowance	5,769	4,804
	5,769	4,804
	5,769	4,804

There is a potential liability of £43,000 (2001 £46,000) relating 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.

**13 SHARE CAPITAL**

	<b>Authorised £</b>	<b>Allotted, called up and fully paid No</b>	<b>£</b>
At 1 November 2001			
Ordinary shares of £1 each	20,000	6,316	6,316
Movements in year:			
Ordinary 'B' shares of 1p each	10,000	5	5
	10,000	5	5
At 31 October 2002			
Ordinary shares of £1 each	20,000	6,316	6,316
Ordinary 'B' shares of 1p each	10,000	5	5
	30,000	6,321	6,321
	30,000	6,321	6,321

During the year 515 ordinary 'B' shares with an aggregate nominal value of £5 were issued in settlement of a loan with a share premium of £79,995.

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.

PKF

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2002**

**14 RESERVES**

<b>Share premium account</b>	£
At 1 November 2001	16,350
Premium on shares issued during the year	79,995
	96,345
At 31 October 2002	96,345
<b>Profit and loss account</b>	£
At 1 November 2001	41,753
Profit for the year	112,309
	154,062
At 31 October 2002	154,062

**15 OTHER COMMITMENTS**

At 31 October 2002 the company had annual commitments under operating leases as follows:

	2002	2001
	£	£
<b>Expiry date:</b>		
After more than five years	22,650	22,650
	22,650	22,650

**16 TRANSACTIONS WITH RELATED PARTIES**

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

Creditors

Waveney Insurance Brokers Limited, parent company, **£206,810** (2001 - £259,381).

TBB Limited, subsidiary, **£99** (2001 - £99).

Debtors

Waveney Life and Pensions Limited, fellow group member, **£76,515** (2001 - £76,515).

Management charges

The company paid management charges of **£198,651** (2001 received £18,000) from Waveney Insurance Brokers Limited.

Other

On 1 November 2001, the company had taken over the commercial insurance broking business of the parent company, Waveney Insurance Brokers 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.

The pension cost charge represents contributions payable by the company to the scheme and amounted to **£10,529** (2001 - £11,745).

PKF

**WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2002**

**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.

PKF