

**ARGENT INSURANCE PRACTICE LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 30TH APRIL 1997**

Company No. 2810267



# ARGENT INSURANCE PRACTICE LIMITED

## COMPANY INFORMATION

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**Directors**

Mr M P Whitfield  
Mr R Dean  
Mr C S Whitfield  
Mr N Walton  
Mr D Crick

**Secretary**

Mrs A Whitfield

**Company Number**

2810267

**Registered Office**

11 Leicester Street  
Melton Mowbray  
Leicester  
Leicestershire  
LE15 0PD

**Auditors**

J S Williamson & Co.  
Gladstone House  
505 Etruria Road  
Basford  
Stoke-on-Trent  
ST4 6JH

**Bankers**

Barclays Bank plc  
Festival Park  
Festival Way  
Stoke on Trent  
Staffs  
ST1 5TN

# ARGENT INSURANCE PRACTICE LIMITED

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# ARGENT INSURANCE PRACTICE LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH APRIL 1997

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The directors present their report together with the audited accounts for the year ended 30th April 1997.

### Principal Activities and Review of Business

The company's principal activity continued to be that of insurance broking. On 31st October 1996 the assets, liabilities and business of Argent Financial Services Limited and Paddock Underwriting Agencies Limited were transferred to Argent Insurance Practice Limited. These two companies became wholly owned dormant subsidiaries as from that date.

### Results and Dividends

The results for the year are set out in the profit and loss account on page 4.

The directors consider the profit achieved on ordinary activities before taxation to be £153,003.

The directors consider the state of the company's affairs to be satisfactory.

The directors recommend dividends amounting to £11,000 (1996 £8,000).

### Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary Shares of £1 each		7% Redeemable Preference Shares of £1 each	
	30th April 1997	1st May 1996	30th April 1997	1st May 1996
Mr M P Whitfield	227,538	200,000	200,000	200,000
Mr R Dean	100,000	-	-	-
Mr C S Whitfield (appointed 31st October 1996)	23,219	-	-	-
Mr N Walton (appointed 31st October 1996)	16,338	-	-	-
Mr D Crick (appointed 31st October 1996)	16,338	-	-	-

### Political and Charitable Contributions

The company made no political or charitable contributions during the year.

### Issue of Shares

During the year 83,433 ordinary shares of £1 each were issued in exchange for shares in Argent Financial Services Limited and Paddock Underwriting Agencies Limited.

# **ARGENT INSURANCE PRACTICE LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30TH APRIL 1997**

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### **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 the company's affairs and of the profit or loss for that year. In preparing these accounts the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

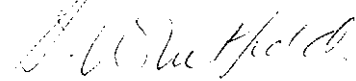
Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### **Auditors**

A resolution to reappoint J S Williamson & Co. Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 28th October 1997, and signed on its behalf.



Mrs A Whitfield, Secretary  
28th October 1997

# **AUDITORS' REPORT TO THE SHAREHOLDERS OF ARGENT INSURANCE PRACTICE LIMITED**

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We have audited the accounts on pages 4 to 19 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

## **Respective Responsibilities of Directors and Auditors**

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you.

## **Basis of Opinion**

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

We planned and performed our audit so as to obtain all 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 the information in the accounts.

## **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30th April 1997 and of its profit and cashflow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**J S Williamson & Co.**  
**Chartered Accountants**  
**and Registered Auditors**  
Gladstone House  
505 Etruria Road  
Basford  
Stoke-on-Trent  
ST4 6JH  
Date: 28th October 1997

# ARGENT INSURANCE PRACTICE LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH APRIL 1997

	Notes	1997 £	1997 £	1996 £	1996 £
<b>Turnover</b>	2				
Continuing operations		2,700,914		2,371,297	
Acquisitions		874,822		-	
Continued Operations			3,575,736		2,371,297
Cost of Sales	3		2,864,487		1,898,961
<b>Gross Profit</b>			711,249		472,336
Administrative Expenses	3		(659,613)		(458,189)
Other Income	3		122,677		81,657
<b>Operating Profit</b>	3				
Continuing operations		145,272		95,804	
Acquisitions		29,041		-	
			174,313		95,804
Income from Fixed Asset Investments	4		11,968		-
Amounts Written Off Investments			(65,388)		-
<b>Profit on Ordinary Activities before Interest</b>			120,893		95,804
Interest Payable and Similar Charges	5		(334)		(393)
Interest Receivable			32,444		29,368
<b>Profit on Ordinary Activities before Taxation</b>			153,003		124,779
Taxation on Profit on Ordinary Activities	9		(67,414)		(53,980)
<b>Profit for the Financial Year</b>			85,589		70,799
Dividends	10		(11,000)		(8,000)
<b>Retained Profit for the Year</b>			74,589		62,799
<b>Retained Profit Brought Forward</b>			144,302		81,503
<b>Retained Profit Carried Forward</b>			218,891		144,302

# ARGENT INSURANCE PRACTICE LIMITED

## BALANCE SHEET

AS AT 30TH APRIL 1997

	Notes	1997		1996	
		£	£	£	£
<b>Fixed Assets</b>					
Intangible assets	11		446,621		316,667
Tangible assets	12		29,638		27,567
Investments	13		50,045		81,000
			<u>526,304</u>		<u>425,234</u>
<b>Current Assets</b>					
Debtors	15	361,567		338,797	
Cash at bank and in hand		<u>1,057,458</u>		<u>83,969</u>	
		1,419,025		422,766	
<b>Creditors: Amounts Falling Due Within One Year</b>	16	<u>913,051</u>		<u>103,698</u>	
<b>Net Current Assets</b>			<u>505,974</u>		<u>319,068</u>
<b>Total Assets Less Current Liabilities</b>			<u>1,032,278</u>		<u>744,302</u>
<b>Capital and Reserves</b>					
Share Capital - Equity	18		483,433		400,000
Share Capital - Non Equity	18		200,000		200,000
Revaluation Reserve	19		129,954		-
Profit and loss account	19		<u>218,891</u>		<u>144,302</u>
<b>Shareholders' Funds</b>					
Equity		832,278		544,302	
Non-equity		<u>200,000</u>		<u>200,000</u>	
	20		<u>1,032,278</u>		<u>744,302</u>

These accounts were approved by the board on 28th October 1997 and signed on its behalf.

Mr M P Whitfield  
Director

  
Mr R Dean  
Director



# ARGENT INSURANCE PRACTICE LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH APRIL 1997

	Notes	1997 £	1996 £
<b>Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</b>			
Operating profit		174,313	95,804
Depreciation		16,013	11,761
Amortisation		-	40,000
Loss on sale of fixed assets		266	766
Increase in debtors		(27,631)	(165,873)
Increase in creditors		788,307	2,978
<b>Net Cash Inflow from Operating Activities</b>		<b>951,268</b>	<b>(14,564)</b>

## CASH FLOW STATEMENT

<b>Net Cash Inflow from Operating Activities</b>		<b>951,268</b>	<b>(14,564)</b>
<b>Returns on Investments and Servicing of Finance</b>	25	<b>35,901</b>	<b>22,050</b>
<b>Taxation</b>		<b>(44,880)</b>	<b>(47,755)</b>
<b>Capital Expenditure</b>	25	<b>30,650</b>	<b>(13,845)</b>
<b>Financing</b>	25	<b>550</b>	<b>-</b>
<b>Increase in Cash</b>		<b>973,489</b>	<b>(54,114)</b>

## Reconciliation of Net Cash Flow to Movement in Net Debt

<b>Increase in Cash in the Year</b>		<b>973,489</b>	<b>(54,114)</b>
Cash inflow from increase in net debt and lease financing	26	(550)	-
<b>Increase in Net Debt</b>		<b>972,939</b>	<b>(54,114)</b>
<b>Net Debt at 1st May 1996</b>		<b>83,969</b>	<b>138,083</b>
<b>Net Funds at 30th April 1997</b>	26	<b>1,056,908</b>	<b>83,969</b>

# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1997

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### 1 Accounting Policies

#### *Basis of Accounting*

The Accounts have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

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

#### *Turnover*

All commissions earned in the year have been incorporated into the accounts. Commission is taken when the client pays the premium either in full or by way of a deposit.

#### *Income from Investments*

Investment income comprises dividends declared during the accounting period on unlisted investments.

#### *Depreciation*

Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Motor vehicles	25%
Furniture and equipment	25%
Fixtures and fittings	20%

#### *Investments*

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

#### *Goodwill*

Purchased goodwill is no longer amortised. The previous accounting policy was as follows :-purchased goodwill is amortised on a straight-line basis over its estimated useful economic life of ten years. In the opinion of the directors this represents a prudent estimate of the period over which the company will derive economic benefit from its acquisition. This accounting policy would have resulted in a charge for the year of £52,995.

#### *Contribution to Pension Funds*

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

#### *Leased Assets*

All leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight line basis over the lease term.

# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1997

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### *Insurance broking debtors and creditors*

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 cash flows arising from these transactions.

Debtors and creditors arising from a transaction between client and insurer (e.g. a premium) 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.

The legal status of the practice of net settlement is uncertain and in the event of an insolvency 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.

Before the introduction of the Standard, insurance broking debtors and creditors were presented on the basis of net settlement balances - as net broking assets. This was recommended accounting practice. However, as described above, in most cases of net settlement of insurance broking transactions, the conditions for recognition of offset as defined in the Standard are not satisfied. For last year advantage has been taken of a deferral of the offset provisions of the Standard. Previously insurance broking debtors, broking bank and insurance broking creditors have been incorporated together and shown as net broking assets with a supporting note showing each amount. These offset provisions are implemented this year and the effect of the new presentation has been to reanalyse net broking assets as follows: broking debtors £343,776 (1996 - £214,467), broking bank - £967,497 (1996 - £ 570,644) and broking creditors £698,943 (1996 - £458,779) into their respective categories of debtors, bank and cash in hand and creditors.

### *Indemnity commission lapse provision*

Provision against lapses in indemnity commission is made at the rate of 2.5% of all life business, together with provision against specific lapses.

## **2 Turnover**

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1997

### 3 Operating Profit

	1997 £	1996 £
<i>Cost of sales</i>		
Continuing operations	2,163,667	1,898,961
Acquisitions	700,820	-
	<u>2,864,487</u>	<u>1,898,961</u>
<i>Other operating income and charges</i>		
Continuing operations		
Administrative expenses	659,613	458,189
Other operating income	(122,677)	(81,657)
	<u>536,936</u>	<u>376,532</u>

*The amounts shown for continuing operations include the following in respect of acquisitions:*

Administrative expenses	146,461	-
Other operating income	1,500	-
	<u>144,961</u>	<u>-</u>

*The operating profit is arrived at after charging or crediting:*

	1997 £	1996 £
Depreciation of owned assets	16,013	11,761
Amortisation	-	40,000
Hire of equipment - operating leases	3,568	795
Hire of equipment - operating leases - land and buildings	46,205	26,076
Auditors' remuneration - non audit work	13,213	5,915
Auditors' remuneration	10,000	5,600
Rental income	(1,500)	-

### 4 Other Fixed Asset Investment Income

	1997 £	1996 £
Dividend on unlisted shares in group undertakings	11,968	-
Amounts Written Off Investments	(65,388)	-
	<u>(53,420)</u>	<u>-</u>

### 5 Interest Payable and Similar Charges

	1997 £	1996 £
Bank overdrafts and loans	334	393

# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1997

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### 6 Directors and Employees

Staff costs, including directors' remuneration, were as follows:

	1997	1996
	£	£
Wages and salaries	288,204	200,987
Social security costs	24,466	18,006
Other pension costs	14,928	5,281
	<u>327,598</u>	<u>224,274</u>

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

	1997	1996
	Number	Number
Administration	26	20
Management	5	1
	<u>31</u>	<u>21</u>

Directors' emoluments

	1997	1996
	£	£
Emoluments	84,806	34,235
Directors' pension contributions under defined contribution schemes	14,928	5,281
	<u>99,734</u>	<u>39,516</u>

### 7 Pension Scheme

The company operates a defined contribution pension scheme for the benefit of the directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £14,928 (1996 £5,281).

### 8 Transactions with Directors

During the year the company leased a property situated at 30, Burton Street, Melton Mowbray, Leicester. This property is owned by Mrs A. Whitfield who is the wife of Mr M.P. Whitfield. The rent paid was £5,833 for ten months which represents a commercial rent of £7,000 per annum.

# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1997

### 9 Taxation

	1997 £	1996 £
Based on the profit for the year		
UK corporation tax at 29.5% (1996 30.5%)	67,500	50,900
	<u>67,500</u>	<u>50,900</u>
Prior periods		
UK corporation tax	(86)	3,080
	<u>67,414</u>	<u>53,980</u>

Tax credits attached to franked investment income amounted to £2,999 (1996 - £nil), of which £2,750 was offset against franked payments made by the company,

### 10 Dividends

	1997 £	1996 £
Preference dividends - paid	11,000	6,000
Preference dividends - proposed	-	2,000
	<u>11,000</u>	<u>8,000</u>

### 11 Intangible Fixed Assets

	Goodwill £	Total £
<b>Cost</b>		
At 1st May 1996	400,000	400,000
Increase during the year	129,954	129,954
<b>At 30th April 1997</b>	<u>529,954</u>	<u>529,954</u>
<b>Amortisation</b>		
At 1st May 1996	83,333	83,333
<b>At 30th April 1997</b>	<u>83,333</u>	<u>83,333</u>
<b>Net Book Values</b>		
At 30th April 1997	<u>446,621</u>	<u>446,621</u>
<i>At 30th April 1996</i>	<u>316,667</u>	<u>316,667</u>

# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1997

### 12 Tangible Fixed Assets

	Motor Vehicles	Furniture and Equipment	Fixtures and Fittings	Total
Cost	£	£	£	£
At 1st May 1996	17,419	29,624	-	47,043
Additions	4,222	11,598	3,430	19,250
Disposals	(1,555)	-	-	(1,555)
<b>At 30th April 1997</b>	<b>20,086</b>	<b>41,222</b>	<b>3,430</b>	<b>64,738</b>
<b>Depreciation</b>				
At 1st May 1996	4,355	15,121	-	19,476
Charge for the year	5,021	10,306	686	16,013
Disposals	(389)	-	-	(389)
<b>At 30th April 1997</b>	<b>8,987</b>	<b>25,427</b>	<b>686</b>	<b>35,100</b>
<b>Net Book Value</b>				
<b>At 30th April 1997</b>	<b>11,099</b>	<b>15,795</b>	<b>2,744</b>	<b>29,638</b>
<i>At 30th April 1996</i>	<i>13,064</i>	<i>14,503</i>	<i>-</i>	<i>27,567</i>

### 13 Fixed Assets Investments

	Loans	Shares in Group Undertakings	Total
Cost	£	£	£
At 1st May 1996	49,000	32,000	81,000
Additions	-	83,433	83,433
Repayment	(49,000)	-	(49,000)
<b>At 30th April 1997</b>	<b>-</b>	<b>115,433</b>	<b>115,433</b>
<b>Amounts Written Off</b>			
Eliminated on revaluations	-	65,388	65,388
<b>At 30th April 1997</b>	<b>-</b>	<b>65,388</b>	<b>65,388</b>
<b>Net Book Value</b>			
<b>At 30th April 1997</b>	<b>-</b>	<b>50,045</b>	<b>50,045</b>
<i>At 30th April 1996</i>	<i>49,000</i>	<i>32,000</i>	<i>81,000</i>

# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1997

### 14 Subsidiary Undertakings

Name of company	Country of registration (or incorporation and operation)	Holding	Proportion of voting rights and shares held	Nature of business
Argent Financial Services Limited	England	1000 Ordinary Shares	100%	Dormant
Paddock Underwriting Agencies Limited	England	1000 Ordinary Shares	100%	Dormant
Athena Insurance Services Limited	England	500 Ordinary Shares	50%	Insurance services

Both Argent Financial Services Limited and Paddock Underwriting Agencies Limited traded as insurance brokers until 31st October 1996 when the assets, liabilities and business of both companies were transferred to Argent Insurance Practice Limited. As from 1st November 1996 both companies became dormant and since that date made neither profit or loss.

The aggregate amount of capital and reserves as disclosed in the above companys' most recent accounts is as follows:- Argent Financial Services Limited - £44,044, Paddock Underwriting Agencies Limited - £5,501, Athena Insurance Services Limited - £116,931 (of which £55,000 relates to non-equity shareholders). The investment in Athena Insurance Services has been included at cost - £500. The year end of Athena Insurance Services Limited is 30th September. Argent Insurance Practice Limited is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985.

### 15 Debtors

	1997 £	1996 £
Trade debtors	343,776	-
Other debtors	1,750	500
Prepayments and accrued income	16,041	11,965
Net insurance broking assets (see below)	-	326,332
	<u>361,567</u>	<u>338,797</u>

Included in the above are amounts falling due after more than one year as follows:

Other Debtors	-	500
	<u>-</u>	<u>500</u>



# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1997

<b>Net Insurance Broking Assets</b>		<b>1997</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
Net broking debtors		-	214,467
Client cash at bank		-	570,644
Total Insurance Broking Assets		-	785,111
Less insurance broking liabilities		-	(458,779)
Net Insurance Broking Assets		-	326,332

<b>16</b>	<b>Creditors: Amounts Falling Due Within One Year</b>	<b>1997</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
Other loans due within one year	(Note 17)	550	-
Trade creditors		698,943	-
Amounts owed to group undertakings		49,545	-
Corporation tax		75,559	53,025
Other taxes and social security		10,514	5,746
Accruals and deferred income		77,940	42,927
		<b>913,051</b>	<b>101,698</b>

<b>17</b>	<b>Loans</b>	<b>1997</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
Wholly repayable within five years		550	-
Less: amount due within one year		550	-
Amounts repayable:			
In one year or less, or on demand		550	-
		<b>550</b>	<b>-</b>

# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1997

18	Share Capital	1997 £	1996 £
	<b>Authorised Equity Shares</b>		
	483,433 Ordinary shares of £1.00 each	483,433	400,000
	<b>Non Equity Shares</b>	483,433	400,000
	200,000 7% Preference shares of £1.00 each	200,000	200,000
		<u>683,433</u>	<u>600,000</u>
	<b>Allotted Equity Shares</b>		
	483,433 Allotted, called up and fully paid ordinary shares of £1.00 each	483,433	400,000
	<b>Non Equity Shares</b>		
	200,000 7% Preference shares of £1.00 each	200,000	200,000
		<u>683,433</u>	<u>600,000</u>

During the year 83,433 ordinary shares of £1 each were issued in exchange for shares in Argent Financial Services Limited and Paddock Underwriting Agencies Limited. The aggregate nominal value was £83,433.

The terms of redemption the 7% redeemable preference shares are :-

- Mr and Mrs M.P. Whitfield will have the right to redeem some or all of the preference shares for the time being issued and outstanding at any time between 1st July 1995 and 31st December 1999 upon giving the company thirty days notice.
- The company will have the right to redeem some or all of the preference shares for the time being issued and outstanding at any time between 31st December 1999 and 31st December 2005 upon giving the preference shareholders thirty days notice.

## 19 Reserves

	Revaluation Reserve	Profit and Loss Account
	£	£
At 1st May 1995	-	31,503
Profit for the year	-	62,799
Transfers between reserves	-	50,000
At 1st May 1996	-	144,302
Profit for the year	-	74,589
Transfers on revaluation	129,954	-
<b>At 30th April 1997</b>	<u>129,954</u>	<u>218,891</u>

# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1997

### 20 Reconciliation of Shareholders' Funds

	1997 £	1996 £
Profit for the financial year	85,589	70,799
Dividends	(11,000)	(8,000)
	74,589	62,799
Other recognised gains and losses	129,954	-
Issue of share capital	83,433	-
	287,976	62,799
Increase in the shareholders' funds	744,302	681,503
Opening shareholders' funds		
Closing shareholders' funds	1,032,278	744,302

### 21 Capital Commitments

The company had the following capital commitments:

	1997 £	1996 £
Contracted for but not provided in the financial statements	7,200	4,200

### 22 Operating Lease Commitments

At 30 April 1997 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	1997 £	1996 £	1997 £	1996 £
Operating leases which expire:				
Within one year	-	10,997	-	-
Between two and five years	18,000	10,500	7,774	-
After five years	22,000	-	-	-
	40,000	21,497	7,774	-

# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1997

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### 23 Related Parties

The related parties of the company are its directors.

In the directors' opinion the company is ultimately controlled by Mr M.P. Whitfield.

Group companies are related parties of the company - Argent Financial Services Limited, Paddock Underwriting Agencies Limited and Athena Insurance Services Limited. During the year Athena Insurance Services Limited used the agencies of Argent Insurance Practice Limited in the normal course of business - £24,365. The amount due at the end of the year was £nil.

Argent Insurance Practice Limited provides management services to the group companies. The amounts charged during the year were :- Argent Financial Services Limited - £1,895, Paddock Underwriting Agencies Limited - £4,500, Athena Insurance Services Limited - £5,200. At the end of the year the amounts due were Argent Financial Services Limited - £nil, Paddock Underwriting Agencies Limited - £nil, Athena Insurance Services Limited - £500.

Management charges paid to Paddock Underwriting Agencies Limited amounted to £6,632. The amount due at the end of the year was £nil.

Clubsure Direct Limited t/a Brokersure is under the control of M.P. Whitfield and R. Dean who own 67.75% of Argent Insurance Practice Limited. Some monies in respect of Clubsure Direct Limited are banked in the Argent Insurance Practice Limited broking bank account and are then paid over to Clubsure Direct Limited. The amount banked during the year was £19,247 and at the end of the year the amount due to Clubsure Direct Limited was £7,040. During the year Argent Insurance Practice Limited paid premiums to insurers on behalf of Clubsure Direct Limited amounting to £4,071. At the end of the year the amount due from Clubsure Direct Limited was £4,071.

Argent Insurance Practice Limited occupy property owned by Mrs A. Whitfield and have paid rent of £5,833 during the year. The amount due at the end of the year was £nil. This represents a commercial rent.

### 24 Acquisitions

# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30TH APRIL 1997

On 31st October 1996 the company acquired the assets, liabilities and business of Argent Financial Services Limited and Paddock Underwriting Agencies Limited. The net assets of each company acquired were as follows:- Argent Financial Services Limited - £44,044 (including £134,695 in cash), Paddock Underwriting Agencies Limited £5,501 (including £134,786 in cash). These amounts have been transferred via the intercompany accounts. The consideration was met by the issue of shares in Argent Insurance Practice Limited at a value of £2.56 per share.

25	Gross Cash Flows	1997 £	1996 £
	<b>Returns on Investments and Servicing of Finance</b>		
	Interest received	37,305	28,405
	Income from investments	11,968	-
	Interest paid	(372)	(355)
	Preference dividend paid	(13,000)	(6,000)
	Net cash inflow for returns on investments and servicing of finance	<u>35,901</u>	<u>22,050</u>
	<b>Capital Expenditure</b>		
	Payments to acquire tangible fixed assets	(19,250)	(17,845)
	Proceeds from the sale of fixed assets	49,900	4,000
	Net cash inflow for capital expenditure	<u>30,650</u>	<u>(13,845)</u>
	<b>Financing</b>		
	Increase in other loans due within 1 year	550	-
	Net cash inflow for financing	<u>550</u>	<u>-</u>

26	Analysis of Changes in Net Debt	1996 £	Cash flows £	1997 £
	Cash at bank and in hand	83,969	973,489	1,057,458
	Debt due within 1 year	-	(550)	(550)
		-	(550)	(550)
		<u>83,969</u>	<u>972,939</u>	<u>1,056,908</u>

# ARGENT INSURANCE PRACTICE LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30TH APRIL 1997

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	1997 £	1996 £
<b>Statement of Total Recognised Gains and Losses</b>		
Profit for the financial year	85,589	70,799
Unrealised deficit on revaluations of freehold land and buildings	-	-
Unrealised gains on trade investments	129,954	-
Total recognised gains relating to the year	<u>215,543</u>	<u>70,799</u>