

**ARGENT INSURANCE PRACTICE LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**  
**COMPANY NUMBER 2810267**

A COMPANY OF



COX INSURANCE  
HOLDINGS PLC



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**ARGENT INSURANCE PRACTICE LIMITED**  
**FINANCIAL STATEMENTS - 31 DECEMBER 2003**

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# **ARGENT INSURANCE PRACTICE LIMITED**

## **DIRECTORS REPORT**

**for the year ended 31 December 2003**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2003.

### **DIRECTORS**

The directors of the company who served during the period under review were as follows:

Mr M Hutton  
Mr J Morley  
Mr N Potts  
Mr N A Utley  
Mr M Woods

### **COMPANY SECRETARY**

C J Ringrose

### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activity of the Company was that of insurance broking. The directors believe that the business has developed and will continue to develop satisfactorily.

### **RESULTS AND DIVIDENDS**

The results for the year ended 31 December 2003 are set out on page 6.

A dividend of 93.1p per ordinary share amounting to £450,076 (2002 - £341,689) is declared.

### **EMPLOYEES**

During the year all staff were employed by Cox Services Limited, a fellow subsidiary undertaking.

### **DIRECTORS' INTERESTS**

None of the directors had any beneficial interest in the shares of the Company as at 31 December 2003.

Mr N A Utley and Mr J Morley are directors of Cox Insurance Holdings Plc, the Company's ultimate parent company, and their interests are disclosed in the financial statements of that company.

The other directors' interests in the ordinary shares of Cox Insurance Holdings Plc are as follows:

#### **Number of shares**

	<b>31 December 2003</b>	<b>31 December 2002</b>
M Hutton	<b>2,333</b>	2,333

# ARGENT INSURANCE PRACTICE LIMITED

## DIRECTORS REPORT (continued) for the year ended 31 December 2003

### Number of share options

	31 December 2002	Granted during period	Lapsed during period	31 December 2003	Exercise price	Exercisable From	Expiry date
<b>M Hutton</b>							
2001 Scheme	85,000	-	-	85,000	50.00p	May 2005	May 2012
2001 Scheme	-	55,279	-	55,279	80.50p	Apr 2006	Apr 2013
SAYE Scheme	21,205	-	-	21,205	44.80p	Aug 2005	Feb 2006
<b>Total</b>	<b>106,205</b>	<b>55,279</b>	<b>-</b>	<b>161,484</b>			
<b>N Potts</b>							
1995 Scheme	24,066	-	-	24,066	241.00p	Apr 2004	Apr 2008
1995 Scheme	83,226	-	-	83,226	155.00p	Mar 2002	Mar 2006
1996 Scheme	18,082	-	-	18,082	182.50p	Apr 2003	Apr 2007
1997 Scheme	19,354	-	-	19,354	155.00p	Mar 2002	Apr 2009
2001 Scheme	220,000	-	-	220,000	50.00p	May 2005	May 2012
2001 Scheme	-	142,111	-	142,111	80.50p	Apr 2006	Apr 2013
SAYE Scheme	21,205	-	-	21,205	44.80p	Aug 2005	Feb 2006
<b>Total</b>	<b>385,933</b>	<b>142,111</b>	<b>-</b>	<b>528,044</b>			
<b>M R Woods</b>							
2001 Scheme	-	14,161	-	14,161	80.50p	Apr 2006	Apr 2013
<b>Total</b>	<b>-</b>	<b>14,161</b>	<b>-</b>	<b>14,161</b>			

The share price at 31 December 2003 was 72.50p (2002 – 77.00p). The highest and lowest prices during the period were 91.50p and 71.00p.

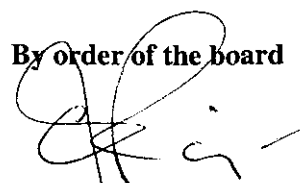
### LIABILITY INSURANCE FOR GROUP DIRECTORS AND OFFICERS

As permitted by the Companies Act 1985, the group has maintained insurance cover for directors and officers against liabilities in relation to the group.

### AUDITORS

An elective resolution has been made by the shareholders of the Company to dispense with the obligation to appoint auditors annually under Section 386 and Section 366a of the Companies Act 1985. Consequently PricewaterhouseCoopers LLP shall be deemed to be re-appointed for each financial year while the election is in force.

By order of the board



**C J Ringrose**  
Secretary

5 April 2004

## **ARGENT INSURANCE PRACTICE LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES for the year ended 31 December 2003**

Company law requires the directors to prepare financial statements for each financial period that 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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 which 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.

## **ARGENT INSURANCE PRACTICE LIMITED**

### **INDEPENDENT AUDITORS' REPORT**

#### **to the shareholders of Argent Insurance Practice Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared in accordance with the accounting policies set out in the statement of accounting policies.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

#### **Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgements 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.

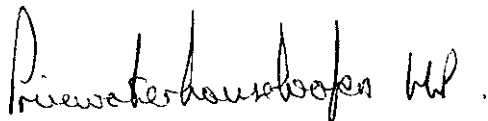
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**ARGENT INSURANCE PRACTICE LIMITED**

**INDEPENDENT AUDITORS' REPORT (continued)**  
**to the shareholders of Argent Insurance Practice Limited**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers LLP', is written over the printed name of the firm.

**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**  
**London**

**5 April 2004**

# ARGENT INSURANCE PRACTICE LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2003

	Note	31 December 2003 £	31 December 2002 £
TURNOVER	2	4,110,398	3,768,964
Administrative expenses		(3,537,810)	(3,523,052)
OPERATING PROFIT/(LOSS)		572,588	245,912
Other operating income	1(f)	144,000	158,603
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	3	716,588	404,515
Gain on current asset investment		-	59,087
Interest receivable		53,830	4,796
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		770,418	468,398
Tax on profit on ordinary activities	5	(292,315)	(181,479)
PROFIT FOR THE FINANCIAL YEAR		478,103	286,919
Dividends	6	(450,076)	(341,689)
(LOSS) / RETAINED PROFIT FOR THE FINANCIAL YEAR	18	28,027	(54,770)

All amounts relate to continuing operations.

There are no recognised gains or losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before tax and the retained profit for the financial period stated above, and their historical cost equivalents.

The notes on pages 8 to 17 form an integral part of these financial statements.



# ARGENT INSURANCE PRACTICE LIMITED

## BALANCE SHEET as at 31 December 2003

	Note	31 December 2003 £	31 December 2002 £
<b>FIXED ASSETS</b>			
Intangible assets	7	3,003,694	2,358,005
Tangible assets	8	47,322	164,039
Investments	9	-	5,501
		<u>3,051,016</u>	<u>2,527,545</u>
<b>CURRENT ASSETS</b>			
Debtors	10	3,081,899	1,803,833
Investments	11	1,567,726	1,469,574
Cash at bank and in hand	12	94,326	71,627
		<u>4,743,951</u>	<u>3,345,034</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(7,039,657)</u>	<u>(5,109,662)</u>
<b>NET CURRENT LIABILITIES</b>		<b>(2,295,706)</b>	<b>(1,764,628)</b>
<b>CREDITORS: amounts falling due after more than one year</b>	14	<u>-</u>	<u>(35,634)</u>
<b>NET ASSETS</b>		<b>755,310</b>	<b>727,283</b>
<b>Share capital</b>	16	<b>483,433</b>	<b>483,433</b>
<b>Share premium</b>		<b>129,954</b>	<b>129,954</b>
<b>Profit and loss account</b>	17	<b>141,923</b>	<b>113,896</b>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	18	<b>755,310</b>	<b>727,283</b>

These financial statements on pages 6 to 16 were approved by the board of directors on 5 April 2004 and signed on its behalf by:

  
**N Potts**  
**Director**

**5 April 2004**

The notes on pages 8 to 16 form an integral part of these financial statements.

# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

### 1. STATEMENT OF ACCOUNTING POLICIES

#### a. Basis of accounting

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards under the historical cost convention and the accounting policies set out below.

The accounts have been prepared on the going concern basis which the directors believe to be appropriate because another group company has undertaken, if necessary, to make funds available to enable the company to meet its liabilities as they fall due.

#### b. Group accounts

The Company is a wholly owned subsidiary of Cox Insurance Holdings Plc, a UK company that prepares consolidated accounts. In accordance with section 228 of the Companies Act 1985, it has taken advantage of the exemption to prepare and deliver group accounts to the Registrar.

#### c. Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) as a result of the Company being a wholly owned subsidiary of Cox Insurance Holdings Plc, the ultimate parent company.

#### d. Related parties

The Company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions that are part of the Cox Insurance Holdings Plc group.

#### e. Turnover

Brokerage and fees are recognised on the earlier of cover commencing or when the client pays the premium either in full or by way of a deposit.

#### f. Other operating income

This consists of profit commission, commission for premium financing arrangements and run-off life commission. These are recognised when received.

#### g. Tangible fixed assets

Tangible fixed assets are stated at cost less amounts depreciated. Depreciation is provided at rates calculated to write off the cost less estimated residual value in equal annual instalments over the estimated useful economic lives of the tangible fixed assets. The rates of depreciation are, on a straight line basis, as follows:

Motor vehicles	25% per annum
Furniture and equipment	25% per annum
Fixtures and fittings	20% per annum
Freehold building	2% per annum

#### h. Investments

Shares in subsidiary undertakings are stated at cost less provisions for any permanent impairment in value. Income is recognised in the year in which it becomes receivable.

# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2003

### 1. STATEMENT OF ACCOUNTING POLICIES (continued)

#### i. Current asset investments

Current asset investments are stated at the lower of cost and market value.

#### j. Goodwill

Purchased goodwill is stated at cost less amounts amortised. The cost of goodwill is amortised over the estimated useful life of the asset. The estimated lives of each goodwill asset acquired are separately considered on the basis of the merits of the underlying business. In the first full year following the year of acquisition an impairment review is performed. The value of the goodwill and life of the asset is reviewed and amended as necessary. The current amortisation rate of goodwill is 5% per annum on a straight line basis.

#### k. Trade debtors and trade creditors

Insurance Brokers normally 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.

Balances arising from insurance broking transaction included under debtors and creditors are only offset to the extent permitted under the provisions of Financial Reporting Standard Number 5 'Reporting the substance of transactions'.

#### l. Tax

Corporation tax is provided on taxable profits at the current rate.

### 2. TURNOVER

Turnover represents net income from insurance broking business and legal representation fees receivable, all originating from within the United Kingdom.

### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The operating profit is arrived at after charging/(crediting):

	31 December 2003	31 December 2002
Depreciation of owned assets	24,969	18,864
Amortisation of goodwill	153,593	130,357
Profit on disposal of fixed assets	(21,385)	(2,600)

## ARGENT INSURANCE PRACTICE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2003

#### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

Certain costs, including staff related costs, auditors' remuneration and operating leases, are borne by Cox Services Limited ("CSL"), a fellow subsidiary undertaking.

Disclosure of the full amount is shown in the notes to the financial statements of CSL. The amount recharged to the Company by CSL during 2003 was £439,324 (2002 - £413,327). In addition, a management charge was made by CSL in respect of staff related costs of £2,055,704 (2002 - £1,823,562).

#### 4. DIRECTORS' EMOLUMENTS

Mr N A Utley and Mr J Morley were remunerated for their services to the Group as a whole and their remuneration is included in the financial statements of Cox Insurance Holdings Plc, the Company's ultimate parent company.

The emoluments of Mr N Potts and Mr M Hutton are paid by Cox Services Limited. The recharge from Cox Services Limited to Argent Insurance Practice in respect of his services as a director of the Company amounted to £nil (2002 - £nil) which is included in the aggregate directors' emoluments below:

The directors' emoluments, excluding pension contributions, during the year amounted to £68,096 (2002 - £191,975).

The company operates a number of pension schemes. Payments in respect of the directors during the year amounted to £3,325 (2002 - £15,657).

There were no (2002 - 1) directors in the Company's defined benefit scheme and 2 (2002 - 6) directors in the Company's defined contribution scheme during the year.

#### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

##### (a) Analysis of charge in period

	31 December 2003 £	31 December 2002 £
Current tax:		
UK corporation tax on profits of the period	284,695	183,175
Adjustments in respect of previous periods	7,620	(1,696)
	<hr/>	<hr/>
Tax on profit on ordinary activities	292,315	181,479
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**ARGENT INSURANCE PRACTICE LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2003****5. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)****b) Factors affecting tax charge for period**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%).  
The differences are explained below:

	<b>31 December 2003 £</b>	<b>31 December 2002 £</b>
Profit on ordinary activities before taxation	<b>770,418</b>	468,398
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002 – 30%)	<b>231,126</b>	140,519
Effects of:		
Expenses not deductible for tax purposes	<b>46,078</b>	36,997
Depreciation for period in excess of capital allowances	<b>7,491</b>	5,659
Adjustments to tax charge in respect of previous Periods	<b>7,620</b>	(1,696)
Current tax charge for period (note 5(a))	<b>292,315</b>	181,479

**6. DIVIDENDS**

	<b>31 December 2003 £</b>	<b>31 December 2002 £</b>
Proposed dividend: 93.1p per share (2002 - 70.6797p)	<b>450,076</b>	341,689

**ARGENT INSURANCE PRACTICE LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2003****7. INTANGIBLE FIXED ASSETS**

	<b>31 December 2003 £ Goodwill</b>
<b>Cost</b>	
At 31 December 2002	2,767,123
Additions	799,282
	<hr/>
<b>At 31 December 2003</b>	<b>3,566,405</b>
	<hr/>
<b>Amortisation</b>	
At 31 December 2002	409,118
Amortised during the year	153,593
	<hr/>
<b>At 31 December 2003</b>	<b>562,711</b>
	<hr/>
<b>Net book value</b>	
At 31 December 2002	2,358,005
	<hr/>
<b>At 31 December 2003</b>	<b>3,003,694</b>
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**ARGENT INSURANCE PRACTICE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2003**

**8. TANGIBLE FIXED ASSETS**

	Land and buildings £	Motor vehicles £	Furniture, equipment, fixtures and fittings £	Total £
<b>Cost</b>				
At 31 December 2002	101,196	22,658	181,986	305,840
Additions	-	-	-	-
Disposals	(101,196)	(22,658)	-	(123,854)
<b>At 31 December 2003</b>	-	-	181,986	181,986
<b>Depreciation</b>				
At 31 December 2002	8,024	22,658	111,119	141,801
Charge for the year	1,349	-	23,546	24,895
Disposals	(9,373)	(22,658)	-	(32,031)
<b>At 31 December 2003</b>	-	-	134,665	134,665
<b>Net Book Value</b>				
At 31 December 2002	93,172	-	70,867	164,039
<b>At 31 December 2003</b>	-	-	47,321	47,321

**9. DEBTORS**

	31 December 2003 £	31 December 2002 £
Trade debtors	1,975,422	1,793,833
Amounts due from group undertakings	1,045,005	-
Prepayments and accrued income	61,472	10,000
	<b>3,081,899</b>	<b>1,803,833</b>

# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2003

### 10. CURRENT ASSET INVESTMENTS

	31 December 2003 £	31 December 2002 £
Money market deposits	1,567,726	1,469,574

The market value of the money market deposit is not materially different from the carrying value.

### 11. CASH AT BANK AND IN HAND

Included in this balance is an amount of £82,576 (2002 - £63,641), which arises from Insurance Broking transactions. These amounts are held in designated Insurance Broking Accounts on behalf of the client, for onward payment to the insurers.

### 12. CREDITORS: Amounts falling due within one year

	31 December 2003 £	31 December 2002 £
Bank overdraft	371,066	513,304
Trade creditors	2,259,761	2,122,390
Amounts owed to group undertakings	1,668,952	1,508,455
Proposed dividend	450,076	341,689
Corporation tax	284,695	175,786
Accruals and deferred income	505,107	442,728
Amount owed to the Syndicate managed by the Group	1,500,000	-
Bank loan (see note 13)	-	5,310
	<u>7,039,657</u>	<u>5,109,662</u>



# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2003

### 13. CREDITORS: Amounts falling due after more than one year

	31 December 2003 £	31 December 2002 £
Bank loan	-	35,634
	<hr/>	<hr/>
Maturity of debt:		
in one year (see note 12)	-	5,310
in 2-5 years	-	24,725
in more than 5 years	-	10,909
	<hr/>	<hr/>
	-	40,944
	<hr/>	<hr/>

The bank loan was taken out in 1999 and was set at 2% over the base rate. The loan was repayable over 10 years and was secured on property at Lombard Street, Newark. This was repaid in full during the year.

### 14. CONTINGENT LIABILITIES

The Company has jointly guaranteed the bank borrowings of Cox Insurance Holdings Plc, the Company's ultimate parent company, with fellow subsidiary undertakings amounting to £65,000,000 (2002 – £75,000,000).

### 15. CALLED UP SHARE CAPITAL

	31 December 2003 £	31 December 2002 £
Authorised: 483,433 ordinary shares of £1 each	483,433	483,433
	<hr/>	<hr/>
Allotted, issued and fully paid: 483,433 ordinary shares of £1 each	483,433	483,433
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# ARGENT INSURANCE PRACTICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2003

### 16. PROFIT AND LOSS ACCOUNT

	31 December 2003 £	31 December 2002 £
Balance at 1 January	113,896	168,666
Retained profit /(loss) for the financial year	28,027	(54,770)
<b>Balance at 31 December</b>	<b>141,923</b>	<b>113,896</b>

### 17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 December 2003 £	31 December 2002 £
Profit for the year	478,103	286,919
Dividends	(450,076)	(341,689)
Net addition / (deduction) to shareholders' funds	28,027	(54,770)
Opening equity shareholders' funds	727,283	782,053
<b>Closing equity shareholders' funds</b>	<b>755,310</b>	<b>727,283</b>

### 18. POST BALANCE SHAREHOLDING EVENT

On 31 January 2004 the company acquired the share capital of Bennetts UK Limited from a fellow group undertaking.

### 19. ULTIMATE PARENT UNDERTAKING

The immediate parent company changed from Christopherson Heath Group Ltd to Hainault Securities Ltd as part of a group restructure.

The ultimate parent undertaking and controlling party is Cox Insurance Holdings Plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Cox Insurance Holdings Plc's consolidated financial statements can be obtained from the company secretary at Library House, New Road, Brentwood, Essex, CM14 4GD.