

ARGENT INSURANCE PRACTICE LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1998



Company No. 2810267

ARGENT INSURANCE PRACTICE LIMITED

COMPANY INFORMATION

Directors	Mr M P Whitfield Mr R Dean Mr N Walton Mr D Crick Mr C S Whitfield
Secretary	Mrs A Whitfield
Company Number	2810267
Registered Office	6 High Street Stone Staffs ST15 8AW
Auditors	J S Williamson & Co Gladstone House 505 Etruria Road Basford Stoke-on-Trent ST4 6JH
Solicitors	K J Martin & Co 217 Station Road Balsall Common Coventry CV7 7FE
Bankers	Barclays Bank plc Festival Park Festival Way Stoke on Trent Staffs ST1 5TN

ARGENT INSURANCE PRACTICE LIMITED

CONTENTS

	Page
Directors' Report	1 to 2
Auditors' Report	3
Profit and Loss Account	4
Statement of Total Recognised Gains and Losses	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Accounts	8 to 17

ARGENT INSURANCE PRACTICE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH APRIL 1998

The directors present their report together with the audited accounts for the year ended 30th April 1998.

Principal Activities and Review of Business

The company's principal activity continued to be that of insurance broking. During the year the company traded profitably and the directors are confident that it will continue to do so in the future.

Dividends

The directors recommend dividends amounting to £29,300 (1997 £11,000).

Directors

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

	Ordinary Shares		7% Preference Shares	
	30th April 1998	1st May 1997	30th April 1998	1st May 1997
Mr M P Whitfield	227,538	227,538	200,000	200,000
Mr R Dean	100,000	100,000	-	-
Mr N Walton	16,338	16,338	-	-
Mr D Crick	16,338	16,338	-	-
Mr C S Whitfield	23,219	23,219	-	-

Events Since the End of the Year

There were no post balance sheet events.

Political and Charitable Contributions

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

ARGENT INSURANCE PRACTICE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH APRIL 1998

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;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

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.

This report was approved by the board on 15th October 1998, and signed on its behalf.



Mrs A Whitfield, Secretary
15th October 1998

AUDITORS' REPORT TO THE SHAREHOLDERS OF ARGENT INSURANCE PRACTICE LIMITED

We have audited the accounts on pages 4 to 17 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 8.

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.

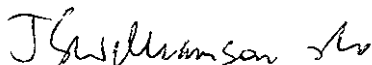
Basis of Opinion

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 1998 and of its profit 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: 15th October 1998

ARGENT INSURANCE PRACTICE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH APRIL 1998

	Notes	1998 £	1997 £
Turnover	2	4,914,227	3,575,736
Cost of Sales		3,968,536	2,864,487
Gross Profit		945,691	711,249
Administrative Expenses		900,432	659,613
		45,259	51,636
Other operating income		118,347	122,677
Operating Profit	3	163,606	174,313
Income from fixed asset investments		-	11,968
Amounts Written Off Investments		-	(65,388)
		163,606	120,893
Interest Receivable		64,047	32,444
Interest Payable and Similar Charges	4	(1,152)	(334)
Profit on Ordinary Activities before Taxation		226,501	153,003
Tax on profit on ordinary activities	8	49,323	67,414
Profit for the Financial Year		177,178	85,589
Dividends (ordinary and preference)	9	29,300	11,000
Retained Profit for the Year	18	147,878	74,589
Retained Profit Brought Forward		218,891	144,302
Retained Profit Carried Forward		366,769	218,891

All amounts relate to continuing activities.

The notes on pages 8 to 17 form part of these accounts.

ARGENT INSURANCE PRACTICE LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30TH APRIL 1998

	1998	1997
	£	£
Statement of Total Recognised Gains and Losses		
Profit for the financial year	177,178	85,589
Unrealised losses on trade investments	-	129,954
Total recognised gains relating to the year	177,178	215,543

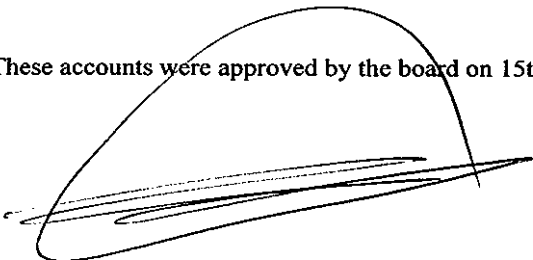
ARGENT INSURANCE PRACTICE LIMITED

BALANCE SHEET

AS AT 30TH APRIL 1998

	Notes	£	1998 £	£	1997 £
Fixed Assets					
Intangible assets	10		453,621		446,621
Tangible assets	11		29,393		29,638
Investments	12		50,045		50,045
			<u>533,059</u>		<u>526,304</u>
Current Assets					
Debtors	14	344,579		361,567	
Cash at bank and in hand		1,163,919		1,057,458	
		<u>1,508,498</u>		<u>1,419,025</u>	
Creditors: Amounts Falling Due Within One Year	15	861,401		913,051	
Net Current Assets			<u>647,097</u>		<u>505,974</u>
Total Assets Less Current Liabilities			<u>1,180,156</u>		<u>1,032,278</u>
Capital and Reserves					
Share capital - equity	17		483,433		483,433
Share capital - non equity	17		200,000		200,000
Revaluation reserve	18		129,954		129,954
Profit and loss account	18		366,769		218,891
Shareholders' Funds					
Equity		980,156		832,278	
Non-equity		200,000		200,000	
	19		<u>1,180,156</u>		<u>1,032,278</u>

These accounts were approved by the board on 15th October 1998 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 1998

	Notes	1998 £	1997 £
Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities			
Operating profit		163,606	174,313
Depreciation		18,069	16,013
Loss on sale of fixed assets		151	266
Decrease in debtors		19,344	(27,631)
Decrease in creditors		(26,208)	788,307
Net Cash Inflow from Operating Activities		174,962	951,268

CASH FLOW STATEMENT

Net Cash Inflow from Operating Activities		174,962	951,268
Returns on Investments and Servicing of Finance	23	53,539	35,901
Taxation		(81,215)	(44,880)
Capital Expenditure and Financial Investment	23	(24,974)	30,650
Equity Dividends Paid		(15,300)	-
Cash Inflow Before Use of Liquid Resources and Financing		107,012	972,939
Financing	23	(550)	550
Increase in Cash		106,462	973,489

Reconciliation of Net Cash Flow to Movement in Net Debt

Increase in Cash in the Year		106,462	973,489
Cash outflow from decrease in net debt and lease financing	24	550	(550)
Decrease in Net Debt	24	107,012	972,939
Net Debt at 1st May 1997		1,056,908	83,969
Net Funds at 30th April 1998	24	1,163,920	1,056,908

The notes on pages 8 to 17 form part of these accounts.

ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1998

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 - in the directors' opinion the net realisable value is in excess of the net book value.

Contribution to Pension Funds

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

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 1998

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.

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 geographical analysis of turnover is as follows:

	1998 £	1997 £
UK	4,914,227	3,575,736
	<u>4,914,227</u>	<u>3,575,736</u>

3 Operating Profit

The operating profit is arrived at after charging or crediting:

	1998 £	1997 £
Depreciation of owned assets	18,069	16,013
Loss on disposal of fixed assets	151	266
Hire of equipment - operating leases	7,794	3,568
Hire of equipment - operating leases - land and buildings	62,364	46,205
Directors' remuneration	163,622	99,734
Auditors' remuneration - non audit work	11,550	13,213
Auditors' remuneration	10,500	10,000
Rental income	(3,000)	(1,500)
	<u></u>	<u></u>

4 Interest Payable and Similar Charges

	1998 £	1997 £
Bank overdrafts and loans	1,152	334
	<u></u>	<u></u>

ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1998

5 Directors and Employees

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

	1998	1997
	£	£
Wages and salaries	432,198	287,862
Social security costs	36,578	24,466
Other pension costs	21,300	14,928
Other costs	2,299	342
	<u>492,375</u>	<u>327,598</u>

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

	1998	1997
	Number	Number
Administration	32	26
Management	5	5
	<u>37</u>	<u>31</u>

Directors' emoluments

	1998	1997
	£	£
Emoluments	142,322	84,806
Directors' pension contributions under defined contribution schemes	21,300	14,928
	<u>163,622</u>	<u>99,734</u>

6 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 £21,300 (1997 £14,928).

7 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, a director. The rent paid was £7,000 which represents a commercial rent.

During the year the company purchased a motor car from Mr R Dean, a director for £7,250 which represents a commercial value.

ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1998

8 Taxation

	1998 £	1997 £
Based on the profit for the year		
UK corporation tax at 21% (1997 29.5%)	49,000	67,500
	49,000	67,500
Prior periods		
UK corporation tax	323	(86)
	49,323	67,414

9 Dividends

	1998 £	1997 £
Ordinary dividends - paid	15,300	-
	15,300	-
Preference dividends - paid	7,000	11,000
Preference dividends - proposed	7,000	-
	29,300	11,000

10 Intangible Fixed Assets

	Goodwill	Total
	£	£
Cost		
At 1st May 1997	529,954	529,954
Additions	7,000	7,000
At 30th April 1998	536,954	536,954
Amortisation		
At 1st May 1997	83,333	83,333
At 30th April 1998	83,333	83,333
Net Book Values		
At 30th April 1998	453,621	453,621
<i>At 30th April 1997</i>	<i>446,621</i>	<i>446,621</i>

ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1998

11 Tangible Fixed Assets

	Motor Vehicles	Furniture and Equipment	Fixtures and Fittings	Total
Cost or valuation	£	£	£	£
At 1st May 1997	20,086	41,222	3,430	64,738
Additions	14,469	15,479	3,026	32,974
Disposals	(23,083)	-	-	(23,083)
At 30th April 1998	11,472	56,701	6,456	74,629
Depreciation				
At 1st May 1997	8,987	25,427	686	35,100
Charge for the year	2,868	13,758	1,442	18,068
Disposals	(7,932)	-	-	(7,932)
At 30th April 1998	3,923	39,185	2,128	45,236
Net Book Value				
At 30th April 1998	7,549	17,516	4,328	29,393
At 30th April 1997	11,099	15,795	2,744	29,638

12 Fixed Assets Investments

	Shares in Group Undertakings	Total
Cost	£	£
At 1st May 1997	50,045	50,045
At 30th April 1998	50,045	50,045
Net Book Value		
At 30th April 1998	50,045	50,045
At 30th April 1997	50,045	50,045

Investments are included at cost.

ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1998

13 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

The aggregate amount of capital and reserves as disclosed in the above companies' most recent accounts is as follows:-Argent Financial Services Limited - £44,044, Paddock Underwriting Agencies Limited - £5,501, Athena Insurance Services Limited - £117,238 (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.

14 Debtors	1998 £	1997 £
Trade debtors	329,489	343,776
Other debtors	1,750	1,750
Prepayments and accrued income	13,340	16,041
	<u>344,579</u>	<u>361,567</u>

All amounts included above are due within one year.

15 Creditors: Amounts Falling Due Within One Year	1998 £	1997 £
Other loans due within one year (Note 16)	-	550
Trade creditors	691,568	698,943
Amounts owed to group undertakings	49,545	49,545
Corporation tax	43,667	75,559
Other taxes and social security	12,131	10,514
Proposed dividends	7,000	-
Accruals and deferred income	57,490	77,940
	<u>861,401</u>	<u>913,051</u>

Proposed dividends included above relate to the six month period to 31st March 1998.

ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1998

16	Loans	1998 £	1997 £
	Amounts repayable:		
	In one year or less, or on demand	-	550
		-	550
17	Share Capital	1998 £	1997 £
	Authorised Equity Shares		
	483,433 Ordinary shares of £1.00 each	483,433	483,433
		483,433	483,433
	Non Equity Shares		
	200,000 7% Preference shares of £1.00 each	200,000	200,000
		683,433	683,433
	Allotted Equity Shares		
	483,433 Allotted, called up and fully paid ordinary shares of £1.00 each	483,433	483,433
	Non Equity Shares		
	200,000 7% Preference shares of £1.00 each	200,000	200,000
		683,433	683,433

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

a) 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.

b) 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.

ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1998

18 Reserves

	Revaluation Reserve	Profit and Loss Account
	£	£
At 1st May 1996	-	144,302
Profit for the year	-	74,589
Transfers on revaluation	129,954	-
At 1st May 1997	129,954	218,891
Profit for the year	-	147,878
At 30th April 1998	129,954	366,769

19 Reconciliation of Shareholders' Funds

	1998 £	1997 £
Profit for the financial year	177,178	85,589
Dividends	(29,300)	(11,000)
	147,878	74,589
Other recognised gains and losses	-	129,954
Issue of share capital	-	83,433
Increase in the shareholders' funds	147,878	287,976
Opening shareholders' funds	1,032,278	744,302
Closing shareholders' funds	1,180,156	1,032,278

20 Capital Commitments

The company had the following capital commitments:

	1998 £	1997 £
Contracted for but not provided in the financial statements	-	7,200

21 Operating Lease Commitments

At 30 April 1998 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	1998 £	1997 £	1998 £	1997 £
Operating leases which expire:				
Within one year	10,500	-	7,809	-
Between two and five years	17,511	18,000	-	7,774
After five years	35,350	22,000	-	-
	63,361	40,000	7,809	7,774

ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1998

22 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 - £6,057 (1997 - £24,365). The amount due at the end of the year was £nil (1997 - £nil). Argent Financial Services Limited and Paddock Underwriting Agencies were both dormant throughout the year.

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, therefore Clubsure Direct Limited is a related party of the company. 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 £45,299 (1997 - £19,247) and at the end of the year the amount due to Clubsure Direct Limited was £nil (1997 - £7,040) during the year Argent Insurance Practice Limited paid premiums to insurers on behalf of Clubsure Direct Limited amounting to £1,979 (1997 - £4,071). At the end of the year the amount due from Clubsure Direct Limited was £nil (1997 - £4,071). Clubsure Direct Limited made payments to insurers on behalf of Argent Insurance Practice Limited amounting to £709 (1997 - £nil).

Argent Insurance Practice Limited provide management services to Clubsure Direct Limited. The amount charged during the year was £15,000 (1997 - £nil). Argent Insurance Practice Limited and Clubsure Direct Limited occupy the same building, Argent Insurance Practice Limited recharged heat and light to Clubsure Direct Limited amounting to £6,000 (1997 - £nil). Salaries recharged to Clubsure Direct Limited amounted to £890 (1997 - £nil). There were no amounts outstanding in respect of any of the above.

Clubsure Direct Limited paid Argent Insurance Practice Limited £2,972 which represented that company's contribution towards half of the cost of a computer.

ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH APRIL 1998

23 Gross Cash Flows

	1998 £	1997 £
Returns on Investments and Servicing of Finance		
Interest received	61,691	37,305
Income from investments	-	11,968
Interest paid	(1,152)	(372)
Preference dividend paid	(7,000)	(13,000)
Net cash inflow for returns on investments and servicing of finance	<u>53,539</u>	<u>35,901</u>
Capital Expenditure and Financial Investment		
Payments to acquire intangible fixed assets	(7,000)	-
Payments to acquire tangible fixed assets	(32,974)	(19,250)
Proceeds from the sale of fixed assets	15,000	49,900
Net cash outflow from investing activities	<u>(24,974)</u>	<u>30,650</u>
Financing		
Decrease/Increase in other loans due within 1 year	(550)	550
Net cash outflow for financing	<u>(550)</u>	<u>550</u>

24 Analysis of Changes in Net Debt

	1997 £	Cash flows £	1998 £
Cash at bank and in hand	1,057,458	106,461	1,163,919
Debt due within 1 year	(550)	550	-
	(550)	550	-
	<u>1,056,908</u>	<u>107,011</u>	<u>1,163,919</u>