

ARGENT INSURANCE PRACTICE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001

COMPANY NUMBER 2810267



A COMPANY OF



**COX INSURANCE
HOLDINGS PLC**

ARGENT INSURANCE PRACTICE LIMITED
FINANCIAL STATEMENTS - 31 DECEMBER 2001

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ARGENT INSURANCE PRACTICE LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2001

The directors submit their report and the audited financial statements of the Company for the year ended 31 December 2001.

DIRECTORS

The directors of the company who served during the period under review, together with subsequent changes, were as follows:

Mr C D Charles
Mr R Dean
Mr P Dodds
Mr R J Tomlinson (Resigned 21 July 2001)
Mr D W Mowl
Mr N A Utley
Mr M P Whitfield

REVIEW OF THE BUSINESS

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

In July 2001 the company acquired the book of business of Bentley of Mickelover. In addition, a number of smaller acquisitions were made during the year.

RESULTS AND DIVIDENDS

The results for the year ended 31 December 2001 are set out on page 7.

The directors do not recommend the payment of a dividend.

EMPLOYEES

During the year, all staff were employed by Cox Services Limited.

ARGENT INSURANCE PRACTICE LIMITED

DIRECTORS' REPORT (continued) for the year ended 31 December 2001

DIRECTORS' INTERESTS

None of the directors had any beneficial interest in the shares of the Company as at 31 December 2001.

Mr N A Utley is a director of Cox Insurance Holdings Plc ("CIH"), the Company's ultimate holding company, and his interests are disclosed in the financial statements of that company.

Directors' interests in the shares of CIH

	31 December 2001	31 December 2000
C D Charles	28,192	17,207
R Dean	-	95,713
P G Dodds	1,103	1,103
D W Mowl	12,201	12,201
M P Whitfield	94,905	245,973

ARGENT INSURANCE PRACTICE LIMITED

DIRECTORS' REPORT (continued) for the year ended 31 December 2001

DIRECTORS' INTERESTS (continued)

Directors' interests in share options in CIH

	31 December 2000	Granted during period	Exercised/ lapsed during period	31 December 2001	Exercise price	Exercisable from	Expiry date
C D Charles							
1995 Scheme	7,282	-	-	7,282	241.00p	Apr 2001	Apr 2008
1995 Scheme	44,929	-	-	44,929	137.84p	Dec 1999	Dec 2003
1995 Scheme	15,706	-	-	15,706	191.00p	Dec 2001	Dec 2005
1995 Scheme	67,491	-	-	67,491	155.00p	Mar 2002	Mar 2006
1996 Scheme	18,793	-	-	18,793	225.16p	Oct 2000	Oct 2004
1996 Scheme	12,461	-	-	12,461	370.36p	May 2001	May 2005
1996 Scheme	5,178	-	-	5,178	182.50p	Apr 2003	Apr 2007
1997 Scheme	13,320	-	-	13,320	225.16p	Oct 2000	Oct 2004
SAYE Scheme	10,985	-	(10,985)	-	94.20p	Apr 2001	Oct 2001
SAYE Scheme	3,127	-	-	3,127	110.28p	Mar 2002	Aug 2002
SAYE Scheme	2,793	-	-	2,793	120.80p	Jun 2004	Nov 2004
SAYE Scheme	-	5,052	-	5,052	2.004p	Jul 2006	Dec 2006
Total	202,065	5,052	(10,985)	196,132			
D W Mowl							
1995 Scheme	10,190	-	-	10,190	137.84p	Dec 1999	Dec 2003
1995 Scheme	60,748	-	-	60,748	155.00p	Mar 2002	Mar 2006
1996 Scheme	134,966	-	-	134,966	*	Nov 1999	Nov 2003
1996 Scheme	8,490	-	-	8,490	225.16p	Oct 2000	Oct 2004
1996 Scheme	23,365	-	-	23,365	370.36p	May 2001	May 2005
1996 Scheme	19,999	-	-	19,999	182.50p	Apr 2003	Apr 2007
1997 Scheme	13,320	-	-	13,320	225.16p	Oct 2000	Oct 2007
SAYE Scheme	7,818	-	-	7,818	110.28p	Mar 2002	Aug 2002
Total	278,896	-	-	278,896			
P G Dodds							
1996 Scheme	-	14,689	-	14,689	241.00p	Apr 2004	Apr 2008
1996 Scheme	32,876	-	-	32,876	182.50p	Apr 2003	Apr 2007
1996 Scheme	32,258	-	-	32,258	186.00p	May 2003	May 2007
1997 Scheme	-	12,448	-	12,448	241.00p	Apr 2004	Apr 2008
SAYE Scheme	11,558	-	-	11,558	146.00p	Jun 2005	Nov 2005
Total	76,692	27,137	-	103,829			
M P Whitfield							
1996 Scheme	-	9,046	-	9,046	241.00p	Apr 2001	Apr 2008
1996 Scheme	21,917	-	-	21,917	182.50p	Apr 2003	Apr 2007
SAYE Scheme	11,558	-	-	11,558	146.00p	Jun 2005	Nov 2005
Total	33,475	9,046	-	42,521			

The share price at 31 December 2001 was 141.0p (2000 – 209.5p). The highest and lowest prices during the period were 252.5p and 90.0p.

* The exercise price for this part of the 1996 scheme is £1 per transaction.

ARGENT INSURANCE PRACTICE LIMITED

DIRECTORS' REPORT (continued) for the year ended 31 December 2001

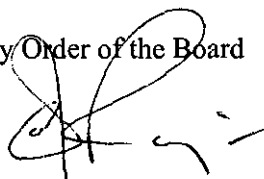
LIABILITY INSURANCE FOR GROUP DIRECTORS AND OFFICERS

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 passed by the Company to dispense with the obligation to appoint auditors annually. Consequently PricewaterhouseCoopers shall be deemed to be re-appointed for each financial year while the election is in force.

By Order of the Board

A handwritten signature in black ink, appearing to be 'C J Ringrose', written over the text 'By Order of the Board'.

C J Ringrose
Secretary
22 May 2002

ARGENT INSURANCE PRACTICE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES for the year ended 31 December 2001

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 to 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 MEMBERS 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.

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.

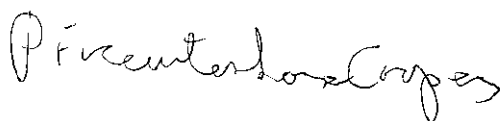
Basis of audit opinion

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.

Opinion

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



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
22 May 2002

ARGENT INSURANCE PRACTICE LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

	Notes	12 months ended 31 December 2001 £	11 months ended 31 December 2000 £
TURNOVER	2	3,181,831	1,609,240
Administrative expenses		(3,182,783)	(1,505,959)
		<hr/>	<hr/>
		(952)	103,281
Other operating income		90,692	95,327
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	3	89,740	198,608
Interest receivable		77,715	54,172
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		167,455	252,780
Tax on profit on ordinary activities	5	(99,848)	(85,930)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE FINANCIAL PERIOD	15	67,607	166,850
		<hr/>	<hr/>

There are no recognised gains or losses other than those 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 taxation and the retained profit for the financial period stated above, and their historical cost equivalents.

All figures relate to continuing operations.

The accompanying notes on pages 9 to 16 form an integral part of these financial statements.

ARGENT INSURANCE PRACTICE LIMITED

BALANCE SHEET

At 31 December 2001

	Notes	£	31 December 2001 £	£	31 December 2000 £
FIXED ASSETS					
Intangible assets	6		2,100,318		1,882,107
Tangible assets	7		123,126		143,548
Investments	8		5,501		5,501
			<hr/>		<hr/>
			2,228,945		2,031,156
CURRENT ASSETS					
Debtors	10	1,444,082		1,049,398	
Cash at bank and in hand		1,288,308		1,386,431	
		<hr/>		<hr/>	
			2,732,390		2,435,829
CREDITORS: amounts falling due within one year					
	11	(4,093,419)		(3,661,522)	
		<hr/>		<hr/>	
NET CURRENT LIABILITIES					
			(1,361,029)		(1,225,693)
CREDITORS: amounts falling due after more than one year					
	12		(45,863)		(51,017)
Provision for liabilities and charges	13		(40,000)		(40,000)
			<hr/>		<hr/>
NET ASSETS					
			782,053		714,446
			<hr/>		<hr/>
Share capital					
	14		483,433		483,433
Share premium					
			129,954		129,954
Profit and loss account					
	15		168,666		101,059
			<hr/>		<hr/>
EQUITY SHAREHOLDERS' FUNDS					
	16		782,053		714,446
			<hr/>		<hr/>

The financial statements on pages 7 to 16 were approved by the board of directors on 22 May 2002 and were signed on its behalf by:



C D Charles
Director

ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

1. ACCOUNTING POLICIES

a. Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

The going concern basis of accounting is 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.

The Company has taken advantage of the exemptions in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

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.

b. 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.

c. Other operating income

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

d. 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 applied are:

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

e. Investments

Fixed asset investments are shown at cost less amounts written off and provisions for any permanent diminution in value. Income is included in the accounts of the year in which it is receivable.

f. Goodwill

Purchased goodwill is capitalised and amortised over its estimated useful economic life of 20 years.

g. Operating Leases

Amounts payable under operating leases are written off to the profit and loss account as they fall due.

ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2001

1. ACCOUNTING POLICIES (continued)

h. 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.

2. TURNOVER

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

3. OPERATING PROFIT

The operating profit is arrived at after charging or crediting:

	12 months ended 31 December 2001	11 months ended 31 December 2000 £
Depreciation of owned assets	38,115	11,170
Amortisation of goodwill	122,547	31,522
(Profit)/Loss on disposal of fixed assets	(4,044)	-
Rental income	-	(3,500)

In 2001, many costs, including staff related costs, auditors' remuneration and operating leases, are borne by Cox Services Limited ("CSL"). Disclosure of the full amounts are shown in the notes to the financial statements of CSL. Amounts recharged to the Company by CSL during 2001 were £313,545 (2000 - £ Nil). In addition, a management charge was made by CSL in respect of staff related costs of £1,702,013 (2000 - £894,557).

ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2001

4. DIRECTORS' EMOLUMENTS

Mr N A Utley was remunerated for his services to the group as a whole and his remuneration is included in the financial statements of the ultimate parent company.

Messrs D W Mowl, C D Charles and M P Whitfield are remunerated by CSL for their services to the group as a whole and their remuneration for their services as directors of this Company is nil.

Aggregate remuneration of the remaining directors, excluding pension contributions, during the year amounted to £156,812 (31 December 2001 - £122,482). The Group operates pension schemes and the payment in respect of these directors during the period amounted to £15,967 (£7,537).

5. TAXATION

	12 months ended 31 December 2001 £	11 months ended 31 December 2000 £
Based on the profit for the year UK corporation tax at 30%	99,560	85,930
Under provision in respect of prior period	288	-
	<hr/>	<hr/>
	99,848	85,930
	<hr/>	<hr/>

ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2001

6. INTANGIBLE FIXED ASSETS

Goodwill

	31 December 2001 £	31 December 2000 £
Cost		
At 1 January 2001	2,038,321	556,954
Additions	340,758	1,481,367
	<hr/>	<hr/>
Cost 31 December 2001	2,379,079	2,038,321
	<hr/>	<hr/>
Amortisation		
At 1 January 2001	156,214	124,775
Amortised during the year	122,547	31,439
	<hr/>	<hr/>
Amortisation to 31 December 2001	278,761	156,214
	<hr/>	<hr/>
Net book value		
At 31 December 2001	2,100,318	1,882,107
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ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2001

7. TANGIBLE FIXED ASSETS

	Land and Buildings £	Motor Vehicles £	Furniture, Equipment, Fixtures and Fittings £	Total £
Cost or valuation				
At 1 January 2001	100,497	28,546	105,215	234,258
Additions	699	-	16,994	17,693
Disposals	-	(1,743)	-	(1,743)
At 31 December 2001	101,196	26,803	122,209	250,208
Depreciation				
At 1 January 2001	3,979	8,646	78,085	90,710
Charge for the year	2,021	19,900	16,194	38,115
Disposals	-	(1,743)	-	(1,743)
At 31 December 2001	6,000	26,803	94,279	127,082
Net Book Values				
At 31 December 2001	95,196	-	27,930	123,126
At 31 January 2001	96,518	19,900	27,130	143,548

8. FIXED ASSETS INVESTMENTS

	Shares in Group Undertakings £
Cost	
At 1 January 2001 and 31 December 2001	5,501

ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2001

9. SUBSIDIARY UNDERTAKINGS

Name of company	Country of registration (or incorporation and operation)	Holding	Proportion of voting rights and shares held	Nature of business
Paddock Underwriting Agencies Limited	England	1,000 Ordinary shares	100%	Dormant

10. DEBTORS

	31 December 2001 £	31 December 2000 £
Trade debtors	1,220,858	860,082
Other debtors	209,871	109,242
Prepayments and accrued income	13,353	80,074
	<hr/>	<hr/>
	1,444,082	1,049,398
	<hr/>	<hr/>

11. CREDITORS: Amounts falling due within one year

	31 December 2001 £	31 December 2000 £
Trade creditors	1,796,714	1,583,870
Amounts owed to group undertakings	1,669,240	1,636,106
Corporation tax	45,725	81,462
Accruals and deferred income	577,522	340,809
Lease obligations	3,059	18,116
Bank loan (see note 12)	1,159	1,159
	<hr/>	<hr/>
	4,093,419	3,661,522
	<hr/>	<hr/>

ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **for the year ended 31 December 2001**

12. CREDITORS: Amounts falling due after more than one year

	31 December 2001 £	31 December 2000 £
Bank loan	<u>45,863</u>	<u>51,017</u>
Maturity of debt		
in one year (see note 11)	1,159	1,159
in 2-5 years	16,226	16,226
in more than 5 years	29,637	34,791
	<u>47,022</u>	<u>52,176</u>

The bank loan is at 2% over base rate. It is repayable over 10 years and is secured on property at Lombard Street, Newark.

13. PROVISION FOR LIABILITIES AND CHARGES

	31 December 2001 £	31 December 2000 £
Provision for pensions mis-selling	<u>40,000</u>	<u>40,000</u>

14. SHARE CAPITAL

	31 December 2001 £	31 December 2000 £
Authorised:		
483,433 Ordinary shares of £1 each	<u>483,433</u>	<u>483,433</u>
Allotted, issued and fully paid:		
483,433 Ordinary shares of £1 each	<u>483,433</u>	<u>483,433</u>

ARGENT INSURANCE PRACTICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2001

15. PROFIT AND LOSS ACCOUNT

	31 December 2001 £	31 December 2000 £
Balance at 1 January 2001	101,059	(65,791)
Retained profit for the period	67,607	166,850
	<hr/>	<hr/>
Balance at 31 December 2001	168,666	101,059
	<hr/>	<hr/>

16. RECONCILIATION OF SHAREHOLDERS' FUNDS

	31 December 2001 £	31 December 2000 £
Profit for the financial period and increase in shareholders' funds	67,607	166,850
Opening shareholders' funds	714,446	547,596
	<hr/>	<hr/>
Equity shareholders' funds at 31 December 2001	782,053	714,446
	<hr/>	<hr/>

17. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Christopherson Heath Group Limited. 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 34 Leadenhall Street, London EC3A 1AA.