

Registered number : 2959963, England

COMPANIES HOUSE

SUTTON BARNARD LIMITED

REPORTS AND FINANCIAL STATEMENTS

31 MARCH 1998



SUTTON BARNARD LIMITED

INDEX

Page	1	Company information
	2 - 3	Directors' report
	4	Auditors' report
	5	Profit and loss account
	6	Balance sheet
	7	Cash flow statement
	8 - 11	Notes to the financial statements

SUTTON BARNARD LIMITED

Directors	A. E. Sutton (Chairman) M. B. Baldwin P. H. F. Barnard
Secretary	M. B. Baldwin
Auditors	Leach & Co. Ashley House 18-20 George Street Richmond Surrey TW9 1PR
Registered office	Ashley House 18-20 George Street Richmond Surrey TW9 1PR
Registered number	2959963, England

SUTTON BARNARD LIMITED

REPORT OF THE DIRECTORS TO THE MEMBERS OF SUTTON BARNARD LIMITED

The directors have pleasure in presenting their report and audited financial statements of the company for the year ended 31 March 1998.

Review of the business and future developments

The principal activity of the company was that of insurance brokers.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the level of activity will improve.

Results and dividends

The results for the year are as shown in the annexed profit and loss account.

The directors do not recommend the payment of a final dividend.

Holding company

At 31 March 1998 Sutton Group Holdings Limited, a company incorporated in England was the ultimate holding company.

Directors

The following directors served on the Board during the year and their beneficial interests in the shares of the company were as follows:

	£1 ordinary shares	
	At 31 March 1998	At 31 March 1997
A. E. Sutton	-	-
M. B. Baldwin	-	-
P. H. F. Barnard	400	400

Mr. A. E. Sutton and Mr. M. B. Baldwin are directors of Sutton Group Holdings Limited, and their respective beneficial interest in the issued share capital of that company throughout the year were 4,518 and 3,717 ordinary shares of £1 each.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to;

Select suitable accounting policies and then apply them consistently;
Make judgments and estimates that are reasonable and prudent;
Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

SUTTON BARNARD LIMITED**REPORT OF THE DIRECTORS
TO THE MEMBERS OF SUTTON BARNARD LIMITED**

(continued)

Tax status

The company is a close company under the provisions of the Income and Corporation Taxes Act 1988.

Auditors

Messrs. Leach & Co., have expressed their willingness to continue in office. A resolution proposing their re-appointment will be put to the annual general meeting.

By order of the Board



M. B. Baldwin
Secretary

26 January 1999

SUTTON BARNARD LIMITED**REPORT OF THE AUDITORS
TO THE MEMBERS OF SUTTON BARNARD LIMITED**

We have audited the financial statements on pages 5 to 11.

Respective responsibility of directors and auditors

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

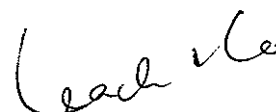
Basis of opinion

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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We have 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 the company's affairs at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



LEACH & CO.
Chartered Accountants
and Registered Auditors

26 January 1999

Ashley House
18-20 George Street
Richmond
Surrey

SUTTON BARNARD LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1998**

	Notes	1998	1997
TURNOVER	2	239,649	143,940
Other operating income	3	6,218	5,375
		<u>245,867</u>	<u>149,315</u>
Administrative expenses		225,373	185,340
OPERATING PROFIT		<u>20,494</u>	<u>(36,025)</u>
Interest payable	4	25	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	20,469	(36,025)
Taxation	8	1,306	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>19,163</u>	<u>(36,025)</u>
DEFICIT AT 1 APRIL 1997		(109,495)	(73,470)
DEFICIT AT 31 MARCH 1998		<u>£ (90,332)</u>	<u>£ (109,495)</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

SUTTON BARNARD LIMITED

BALANCE SHEET AS AT 31 MARCH 1998

	Notes	1998	1997
FIXED ASSETS			
Tangible assets	9	20,848	22,920
CURRENT ASSETS			
Debtors	10	72,028	98,152
Cash at bank and in hand	11	58,498	1,731
		<u>130,526</u>	<u>99,883</u>
CREDITORS: Amounts falling due within one year	12	80,706	81,298
NET CURRENT ASSETS		<u>49,820</u>	<u>18,585</u>
		70,668	41,505
CREDITORS: Amounts falling due after more than one year	13	160,000	150,000
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£ (89,332)</u>	<u>£ (108,495)</u>
CAPITAL AND RESERVES			
Called-up share capital	15	1,000	1,000
Profit and loss account		(90,332)	(109,495)
SHAREHOLDERS' FUNDS	16	<u>£ (89,332)</u>	<u>£ (108,495)</u>



A. E. Sutton, Director



M. B. Baldwin, Director

The financial statements were approved by the Board of Directors on 26 January 1999.

SUTTON BARNARD LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1998

	1998	1997
Net cash inflow/(outflow) from operating activities (note 1)	54,808	(46,095)
Returns on investments and servicing of finance		
Interest received	2,413	1,524
Interest paid	(25)	-
	2,388	1,524
Taxation	(5)	-
Capital expenditure		
Payments to acquire tangible fixed assets	(7,174)	(6,738)
Receipts from sales of tangible fixed assets	-	-
	(7,174)	(6,738)
	50,017	(51,309)
Financing		
Debt due after one year - increase in long term loan	10,000	10,000
	10,000	10,000
Increase/(decrease) in cash	<u>£ 60,017</u>	<u>£ (41,309)</u>
Reconciliation of net cash flow to movement in net debt (note 2)		
Increase/(decrease) in cash in the period	60,017	(41,309)
Cash inflow from increase in debt	(10,000)	(10,000)
Cash used to increase liquid resources	-	-
Change in net debt	50,017	(51,309)
Net debt at 1 April 1997	(151,519)	(100,210)
Net debt at 31 March 1998	<u>£ (101,502)</u>	<u>£ (151,519)</u>

NOTES TO THE CASH FLOW STATEMENT

Note 1 - Reconciliation of operating profit to net cash inflow from operating activities

Operating profit/(loss)	20,494	(36,025)
Interest receivable	(2,154)	(1,783)
Depreciation charges	9,246	9,327
Increase in debtors	25,865	(47,025)
Increase in creditors	1,357	29,411
Net cash outflow from operating activities	<u>£ 54,808</u>	<u>£ (46,095)</u>

Note 2 - Analysis of changes in net debt

	At 1 April 1997	Cash flows	Other changes	At 31 March 1998
Cash in hand, at bank	1,731	56,767		58,498
Overdrafts	(3,250)	3,250		-
		60,017		
Debt due within one year	-	-	-	-
Debt due after one year	(150,000)	(10,000)	-	(160,000)
Current asset investments	-	-		-
Total	<u>£ (151,519)</u>	<u>£ 50,017</u>	<u>£ -</u>	<u>£ (101,502)</u>

SUTTON BARNARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998

1. PRINCIPAL ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

Commissions receivable

Commission is taken into the profit and loss account at the point of invoice.

Fixed assets

All tangible fixed assets are stated at cost and all repairs are written off as incurred.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the assets over their expected useful lives. The annual rates in use are:

Motor vehicle	25% reducing balance
Computer and ancillaries	33 1/3% straight line
Office equipment	15% straight line

Deferred taxation

No provision for deferred taxation has been made because in the opinion of the directors, no liability is likely to crystallise in the foreseeable future.

Pension contributions

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

2. TURNOVER

Turnover represents commissions and fees receivable, net of refunds.

The turnover and pre-tax profit are attributable to one activity, insurance broking, carried on within the United Kingdom.

3. OTHER OPERATING INCOME

	1998	1997
Bank deposit interest	2,154	1,783
Rent receivable	4,064	3,592
	<u>£ 6,218</u>	<u>£ 5,375</u>

4. INTEREST PAYABLE

Bank overdraft interest	<u>£ 25</u>	<u>£ -</u>
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SUTTON BARNARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998

	1998	1997
5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		
This is stated after charging:		
Directors' remuneration (Note 7)	56,815	58,489
Auditors' remuneration	4,010	2,000
Hire of other assets - operating leases	9,273	9,273
Depreciation	9,246	9,327

6. STAFF COSTS

Staff costs, including directors' remuneration were as follows:

Wages and salaries	126,863	98,202
Social security costs	11,326	9,408
Other pension costs	4,500	4,500
	<u>£ 142,689</u>	<u>£ 112,110</u>

The average weekly number of employees was 7 (1997 - 5).

7. DIRECTORS' REMUNERATION

Directors' remuneration consists of:

Company contribution to money purchase pension schemes	4,500	4,500
Other emoluments	52,315	53,989
	<u>£ 56,815</u>	<u>£ 58,489</u>

8. TAXATION

Based on the profits of the year

U. K. Corporation Tax at 21%.	1,306	-
	<u>£ 1,306</u>	<u>£ -</u>

The company has tax losses of approximately £77,600 (1997 - £95,900) available to carry forward against future taxable profits.

SUTTON BARNARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998

9. FIXED ASSETS

Cost	Motor Vehicles	Computer equipment	Office furniture & equipment	Total
At 1 April 1997	17,870	12,956	11,202	42,028
Additions	-	3,748	3,426	7,174
At 31 March 1998	<u>17,870</u>	<u>16,704</u>	<u>14,628</u>	<u>49,202</u>
Depreciation				
At 1 April 1997	7,870	8,040	3,198	19,108
Charge for the year	2,500	4,555	2,191	9,246
At 31 March 1998	<u>10,370</u>	<u>12,595</u>	<u>5,389</u>	<u>28,354</u>
Net book values				
At 31 March 1998	<u>£ 7,500</u>	<u>£ 4,109</u>	<u>£ 9,239</u>	<u>£ 20,848</u>
At 31 March 1997	<u>£ 10,000</u>	<u>£ 4,916</u>	<u>£ 8,004</u>	<u>£ 22,920</u>

10. DEBTORS

	1998	1997
Debtors in respect of insurance transactions	69,918	93,696
Other debtors	379	2,099
Prepayments	1,731	2,357
	<u>£ 72,028</u>	<u>£ 98,152</u>

11. CASH AT BANK AND IN HAND

Insurance broking bank account	57,185	1,706
General account	1,213	-
Cash in hand	100	25
	<u>£ 58,498</u>	<u>£ 1,731</u>

12. CREDITORS: Amounts falling due within one year

Bank overdraft	-	3,250
Creditors in respect of insurance transactions	14,031	23,131
Amounts due to fellow subsidiary company	52,242	43,635
Corporation Tax	1,301	-
Other taxes and social security costs	3,518	3,670
Other creditors	197	-
Accruals	9,417	7,612
	<u>£ 80,706</u>	<u>£ 81,298</u>

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

Amounts due to holding company (Note 14)	<u>£ 160,000</u>	<u>£ 150,000</u>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

14. LOAN

This is an interest-free loan from Sutton Group Holdings Limited, the ultimate holding company, with no specified repayment date.

Repayment is due 36 months after receipt of request for repayment.

	<u>1998</u>	<u>1997</u>
15. SHARE CAPITAL		
Authorised		
1,000 ordinary shares of £1 each	<u>£ 1,000</u>	<u>£ 1,000</u>
Allotted, called-up and fully paid		
1,000 ordinary shares of £1 each	<u>£ 1,000</u>	<u>£ 1,000</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Profit/(loss) for the financial year	<u>19,163</u>	<u>(36,025)</u>
	19,163	(36,025)
Shareholders' funds at 31 March 1997	<u>(108,495)</u>	<u>(72,470)</u>
Shareholders' funds at 31 March 1998	<u>£ (89,332)</u>	<u>£ (108,495)</u>

17. CONTINGENT LIABILITIES

At 31 March 1998 there were contingent liabilities for which no provision had been made in these financial statements in respect of a guarantee given by the Company to secure the parent company's bank overdraft of up to £10,000.

18. OPERATING LEASE COMMITMENTS

At 31 March 1998 the company was committed to making payments of £9,273 (1997 - £9,273) annually in respect of an operating lease, relating to land and buildings which expires within five years.