

**MOTOR CYCLE DIRECT INSURANCE SERVICES LIMITED**

**ANNUAL REPORT AND ACCOUNTS**

**31<sup>ST</sup> DECEMBER 2000**



**MOTOR CYCLE DIRECT INSURANCE SERVICES LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

P T Baker  
M Evans  
C Flett  
G E Higginson  
B M Hulbert

**SECRETARY**

C Flett

**REGISTERED OFFICE**

29 High Street  
Thornbury  
Bristol

**REGISTERED NUMBER**

3279177 (England and Wales)

**AUDITORS**

Edmund Gibbs  
Chartered Certified Accountants  
46 St Giles  
OXFORD  
OX1 3LT

**MOTOR CYCLE DIRECT INSURANCE SERVICES LIMITED****31<sup>ST</sup> DECEMBER 2000**

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# **MOTOR CYCLE DIRECT INSURANCE SERVICES LIMITED**

## **DIRECTORS' REPORT**

The Directors submit their Report with the Accounts for the year ended 31<sup>st</sup> December 2000.

### **PRINCIPAL ACTIVITY**

The Company's principal activity during the year was that of an insurance intermediary.

### **RESULTS AND BUSINESS REVIEW**

A summary of the results for the year is shown on page 6. The Directors are pleased to report substantial growth in the turnover for the year and further consolidation of the Company's trading is expected during 2001.

The Directors do not recommend the payment of a dividend.

### **DIRECTORS AND THEIR INTERESTS**

The Directors at 31<sup>st</sup> December 2000 and their interest in the Ordinary Share Capital of the Company, were as follows:-

	<b><u>At 31<sup>st</sup> December 2000</u></b>	<b><u>At 31<sup>st</sup> December 1999</u></b>
M Evans	-	-
P T Baker (Appointed on 17 <sup>th</sup> April 2000)	-	-
G E Higginson (Appointed 16 <sup>th</sup> February 2000) . -	-	-
A F Banks (Resigned 10 <sup>th</sup> November 2000)	20	20
C Flett	-	-
B Hulbert	-	-

### **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 affairs of the Company and of the profit or loss of the Company for that period. In preparing those 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.

### **DONATIONS**

Charitable donations made in the year amounted to £200 (1999 : £NIL). There were no political donations..

**MOTOR CYCLE DIRECT INSURANCE SERVICES LIMITED**

**DIRECTORS' REPORT**

**AUDITORS**

A resolution to appoint Messrs Edmund Gibbs as Auditors will be put to the members at the Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of the Board of Directors

.....

C FLETT (Secretary)

17<sup>th</sup> April 2001

**MOTOR CYCLE DIRECT INSURANCE SERVICES LIMITED**

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS**

We have audited the Accounts on pages 6 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 3, the Company's Directors are responsible for the preparation of Accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 Accounts. It also includes an assessment of the significant estimates and judgements 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 the 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 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 31<sup>st</sup> December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Edmund Gibbs*

EDMUND GIBBS  
Chartered Certified Accountants  
Registered Auditors

46 St Giles'  
OXFORD  
OX1 3LT

17<sup>th</sup> April 2001

**MOTOR CYCLE DIRECT INSURANCE SERVICES LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2000**

	<b><u>Notes</u></b>	<b><u>2000</u></b>	<b><u>1999</u></b>
<b><u>TURNOVER</u></b>	2	4,090,692	2,646,601
Administrative Expenses		(3,685,406)	(2,193,085)
		<hr/>	<hr/>
<b><u>OPERATING PROFIT</u></b>	3	405,286	453,516
Interest Receivable		50,337	43,584
Interest Payable		(1,401)	(2,380)
		<hr/>	<hr/>
		454,222	494,720
Exceptional Item	4	(108,273)	(34,369)
		<hr/>	<hr/>
<b><u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u></b>		345,949	460,351
Tax on Profit on Ordinary Activities	5	(132,155)	(176,510)
		<hr/>	<hr/>
<b><u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u></b>		213,794	283,841
<b><u>RETAINED PROFITS BROUGHT FORWARD</u></b>		343,063	59,222
		<hr/>	<hr/>
<b><u>RETAINED PROFITS CARRIED FORWARD</u></b>		£ 556,857	£ 343,063
		<hr/>	<hr/>

**TOTAL RECOGNISED GAINS AND LOSSES**

There were no gains or losses during the above financial year other than those stated in the Profit and Loss Account.

**CONTINUING OPERATIONS**

All of the Company's activities derived from continuing operations.

The notes on pages 8 to 15 form part of these Accounts.

**MOTOR CYCLE DIRECT INSURANCE SERVICES LIMITED****BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2000**

	<u>Notes</u>	<u>2000</u>	<u>1999</u>
<b><u>FIXED ASSETS</u></b>			
Tangible Assets	8	544,839	268,102
Investments	9	101	129
		<hr/>	<hr/>
		544,940	268,231
<b><u>CURRENT ASSETS</u></b>			
Stock	10	31,384	-
Debtors	11	603,307	673,276
Cash at Bank and in Hand		301,146	470,599
		<hr/>	<hr/>
		935,837	1,143,875
<b><u>CREDITORS: Amounts Payable</u></b>			
Within One Year	12	(923,820)	(1,068,943)
		<hr/>	<hr/>
<b><u>NET CURRENT ASSETS</u></b>		12,017	74,932
<b><u>TOTAL ASSETS LESS CURRENT LIABILITIES</u></b>			
		<hr/>	<hr/>
		£556,957	£343,163
		<hr/>	<hr/>
<b><u>CAPITAL AND RESERVES</u></b>			
Called Up Share Capital	13	100	100
Profit and Loss Account		556,857	343,063
		<hr/>	<hr/>
<b><u>SHAREHOLDERS' FUNDS</u></b>	14	£556,957	£343,163
		<hr/>	<hr/>

The accounts were approved by the Board on 17<sup>th</sup> April 2001 and signed on its behalf by.

..... P T BAKER  
P T BAKER (Director)

The notes on pages 8 to 15 form part of these Accounts.



**MOTOR CYCLE DIRECT INSURANCE SERVICES LIMITED**

**NOTES TO THE ACCOUNTS AT 31<sup>ST</sup> DECEMBER 2000**

**1. ACCOUNTING POLICIES**

(a) **Accounting Basis**

The Accounts are prepared under the historical cost basis of accounting and include the results of the Company's operations as indicated in the Directors' Report.

(b) **Consolidation**

The Company and its subsidiary comprise a medium-sized group. The Company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

(c) **Turnover**

Turnover comprises commissions receivable by the Company during the period.

(d) **Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value of each asset evenly over its expected useful life, as follows:-

Leasehold Improvements	Period of Lease
Fixtures and Fittings	Over five years
Computer Equipment and Software	Over three years
Office Equipment	Over five years
Motor Vehicles	Over four years

(e) **Stock**

Stock is valued at the lower of cost and net realisable value.

(f) **Deferred Taxation**

Deferred taxation is not provided on the basis that, in the opinion of the Directors, any such liability is unlikely to crystallise in the foreseeable future.

(g) **Operating Leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to Profit and Loss Account as incurred.

**2. TURNOVER**

In the period to 31<sup>st</sup> December 2000 100% of the Company's turnover to markets within the United Kingdom (1999: 100%).

**MOTOR CYCLE DIRECT INSURANCE SERVICES LIMITED****NOTES TO THE ACCOUNTS AT 31<sup>ST</sup> DECEMBER 2000**  
**(CONTINUED)****3. OPERATING PROFIT**

	<u>2000</u>	<u>1999</u>
This is stated after charging:		
Depreciation	183,067	187,992
Directors' Emolument:- Fees	371,170	177,917
Operating Leases:- Land and Property	110,520	21,339
Auditors' Remuneration	16,500	11,750
	=====	=====

**4. EXCEPTIONAL ITEM**

	<u>2000</u>	<u>1999</u>
Provision against amount due from Subsidiary Company	13,551	34,369
Provision against amount due from Associated Company	94,722	-
	-----	-----
	£108,273	£34,369
	=====	=====

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<u>2000</u>	<u>1999</u>
UK Corporation Tax Charge for Year @ 30% (1999: 30.25%)	132,668	178,660
Over-provision from Previous Year	(513)	(2,150)
	-----	-----
	£132,155	£176,510
	=====	=====

**6. DIRECTORS EMOLUMENTS**

The remuneration of the highest paid Director was:

	<u>2000</u>	<u>1999</u>
	£98,172	£78,015

Other Directors earnings were in the following ranges

10,001 - 15,000	-	1
15,001 - 20,000	1	-
30,001 - 35,000	1	-
45,001 - 50,000	-	1
60,001 - 65,000	1	1
65,001 - 70,000	1	-
95,001 - 100,000	1	-

## 7. STAFF COSTS

The aggregate payroll costs of these persons were as follows:-

## 8. TANGIBLE FIXED ASSETS

<b><u>COST</u></b>	<b><u>Leasehold Property</u></b>	<b><u>Fixtures &amp; Fittings</u></b>	<b><u>Computer Equipment</u></b>	<b><u>Office Equipment</u></b>	<b><u>Motor Vehicles</u></b>	<b><u>Total</u></b>
At 1 <sup>st</sup> January						
2000	52,238	109,103	306,138	21,888	-	489,367
Additions	115,375	213,658	90,764	30,127	9,880	459,804
Disposals	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> December						
2000	167,613	322,761	396,902	52,015	9,880	949,171

At 1 <sup>st</sup> January						
2000	10,447	47,485	154,023	9,310	-	221,265
Charge for Year	30,040	54,198	85,921	9,788	3,120	183,067
Disposals	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> December						
2000	40,487	101,683	239,944	19,098	3,120	404,332

At 31 <sup>st</sup> December						
2000	£127,126	£221,078	£156,958	£32,917	£6,760	£544,839
	=====	=====	=====	=====	=====	=====
At 31 <sup>st</sup> December						
1999	£41,791	£61,618	£152,115	£12,578	£-	£268,102
	=====	=====	=====	=====	=====	=====

**MOTOR CYCLE DIRECT INSURANCE SERVICES LIMITED****NOTES TO THE ACCOUNTS AT 31<sup>ST</sup> DECEMBER 2000**  
**(CONTINUED)****9. INVESTMENTS**

<b><u>Cost</u></b>	<b><u>Subsidiary Undertaking</u></b>	<b><u>Associated Company</u></b>	<b><u>Total</u></b>
At 31 <sup>st</sup> December 1999	100	29	129
Additions	-	1	1
Disposals	-	(29)	(29)
	—	—	—
At 31 <sup>st</sup> December 2000	£100	£1	£101
	===	===	===

The Company's investment in its subsidiary company represents the cost of acquisition of 80% of the Ordinary Share Capital (80 Ordinary Shares of £1 each) of Lyman and Hanley Insurance Services Limited, an insurance intermediary incorporated in England and Wales.

At 31<sup>st</sup> December 2000, the aggregate of share capital and reserves of Lyman and Hanley amounted to deficit £47,920 (1999: £34,369) and the loss for the year ended 31<sup>st</sup> December 2000 was £13,551 (1999: £3,568).

The associated company represents 1 Ordinary Share (50% of the issued share capital) of £1 in Mad About Bikes Limited, a website sales company incorporated in England and Wales.

At 31<sup>st</sup> December 2000, the aggregate of share capital and reserves of Mad About Bikes amounted to deficit £87,284 and the loss for the year ended 31<sup>st</sup> December 2000 was £87,286.

**10. STOCK**

	<b><u>2000</u></b>	<b><u>1999</u></b>
Stationery Stock at Cost	£31,384	£-
	=====	=

**11. DEBTORS RECEIVABLE WITHIN ONE YEAR**

	<b><u>2000</u></b>	<b><u>1999</u></b>
Trade Debtors	442,701	469,541
Prepayments	122,519	50,603
Other Debtors	38,087	38,330
Amounts Owing by Subsidiary Company	-	39,636
Amounts Owing by Associated Company	-	75,166
	—	—
	£603,307	£673,276
	=====	=====

**MOTOR CYCLE DIRECT INSURANCE SERVICES LIMITED****NOTES TO THE ACCOUNTS AT 31<sup>ST</sup> DECEMBER 2000**  
**(CONTINUED)**12. **CREDITORS:** Amounts Payable Within One Year

	<b><u>2000</u></b>	<b><u>1999</u></b>
Trade Creditors	774,985	784,771
Other Creditors and Accruals	36,504	77,416
Current Corporation Tax	70,916	178,660
Other Taxes and Social Security	40,604	28,096
Amounts Owing to Subsidiary Company	811	-
	<hr/>	<hr/>
	£923,820	£1,068,943
	=====	=====

13. **SHARE CAPITAL**

	<b><u>2000</u></b>	<b><u>1999</u></b>
<b><u>Authorised</u></b>		
Ordinary Shares of £1 each	£100	£100
	=====	=====
<b><u>Issued and Fully Paid</u></b>		
Ordinary Shares of £1 each	£100	£100
	=====	=====

14. **RECONCILIATION OF SHAREHOLDERS' FUNDS**

	<b><u>2000</u></b>	<b><u>1999</u></b>
Retained Profit for the Year	213,794	283,841
Opening Shareholders' Funds	343,163	59,322
	<hr/>	<hr/>
Closing Shareholders' Funds	£556,957	£343,163
	=====	=====

**MOTOR CYCLE DIRECT INSURANCE SERVICES LIMITED**

**NOTES TO THE ACCOUNTS AT 31<sup>ST</sup> DECEMBER 2000**  
**(CONTINUED)**

**15. LEASE OBLIGATIONS**

At 31<sup>st</sup> December 2000 the Company had annual commitments under non-cancellable operating leases as follows:-

	<b><u>2000</u></b>	<b><u>1999</u></b>
Land and Buildings		
Expiry Date Within One Year	20,938	20,938
Expiry Date between Two and Five Years	71,675	-
Expiry Date over Five Years	-	71,675
	<hr/>	<hr/>
	£92,613	£92,613
	<hr/>	<hr/>

**16. RELATED PARTY TRANSACTIONS**

During the year the Company acquired various capital items, for a consideration of £58,487, from A-Plan Holdings, a company wholly owned by Messrs Duggan and Saville, who together own 100% of the issued share capital in Blue Boar Holdings Limited. In the opinion of the Directors, this transaction was at market value.

The Company operated a commission sharing arrangement with its associated company, Mad About Bikes Limited, as a result of which Mad About Bikes Limited received £150,000 for the year under review.

**17. CAPITAL COMMITMENTS**

There were no capital commitments either contracted for or authorised but not contracted for at 31<sup>st</sup> December 2000 (1999: None).

**18. HOLDING COMPANY**

Blue Boar Holdings Limited, a company incorporated in England and Wales, held 80% of the Issued Share Capital of Motor Cycle Direct Insurance Services Limited at the Balance Sheet date (1999: 80%).

Blue Boar Holdings Limited is the controlling party.

**19. POST BALANCE SHEET EVENT**

On 18<sup>th</sup> January 2001, Blue Boar Holdings Limited acquired the remaining 20% of the Issued Share Capital of the Company.

**MOTOR CYCLE DIRECT INSURANCE SERVICES LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED  
31<sup>st</sup> DECEMBER 2000****Reconciliation of operating profit/(loss) to net cash inflow from operating activities**

	<b><u>2000</u></b>	<b><u>1999</u></b>
Operating Profit	405,286	453,516
Depreciation Charges	183,067	187,992
Increase in Stocks	(31,384)	-
(Increase) in Debtors	(44,833)	(420,194)
(Decrease) / Increase in Creditors	(38,190)	564,810
	<hr/>	<hr/>
	£473,946	£786,124
	=====	=====

**CASH FLOW STATEMENT**

Net cash inflow from operating activities		473,946	786,124
Returns on investments and servicing of finance	(Note 1)	48,936	41,204
Taxation		(239,899)	(15,700)
Capital Expenditure	(Note 1)	(452,436)	(507,832)
		<hr/>	<hr/>
		(169,453)	303,796
Equity Dividends Paid		-	-
		<hr/>	<hr/>
		(169,453)	303,796
Management of Liquid Resources		-	-
Financing		-	-
		<hr/>	<hr/>
(Decrease) / Increase in Cash		£(169,453)	£303,796
		=====	=====

**Reconciliation of net cash flow to movement in net funds (Note 2)**

(Decrease) / Increase in cash in the year	(169,453)	303,796
	<hr/>	<hr/>
Change in net funds	(169,453)	303,796
Net funds at 1st January 2000	470,599	166,803
	<hr/>	<hr/>
Net Funds at 31 <sup>st</sup> December 2000	£301,146	£470,599
	=====	=====

**MOTOR CYCLE DIRECT INSURANCE SERVICES LIMITED****NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED**  
**31<sup>ST</sup> DECEMBER 2000**

	<b><u>2000</u></b>	<b><u>1999</u></b>
<b>1. <u>GROSS CASH FLOWS</u></b>		
<b>Returns on investments and servicing of finance</b>		
Interest Received	50,337	43,584
Interest Paid	(1,401)	(2,380)
	<hr/>	<hr/>
	£48,936	£41,204
	<hr/>	<hr/>
<b>Capital Expenditure</b>		
Payments to acquire tangible fixed assets	(459,804)	(394,975)
Receipts from sales of investments	29	-
Payments to acquire investments	(1)	(29)
Loans to subsidiary company	(13,551)	(74,005)
Loan from subsidiary company	40,447	36,343
Loans to associated companies	(94,722)	(75,166)
Loans from associated companies	75,166	-
	<hr/>	<hr/>
	£(452,436)	£(507,832)
	<hr/>	<hr/>

**2. ANALYSIS OF CHANGES IN NET DEBT**

	<b><u>At</u></b> <b><u>1.1.00</u></b>	<b><u>Cash</u></b> <b><u>Flows</u></b>	<b><u>Other</u></b> <b><u>Changes</u></b>	<b><u>At</u></b> <b><u>31.12.00</u></b>
Cash in hand and at Bank	470,599	(169,453)	-	301,146
Overdrafts	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	£470,599	£(169,453)	-	£301,146
	<hr/>	<hr/>	<hr/>	<hr/>