

SIMON BROOKE & PARTNERS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2003

Company No 3319967



SIMON BROOKE & PARTNERS LIMITED**COMPANY INFORMATION**

COMPANY NUMBER 3319967

DIRECTORS S A Brooke (chairman)
P M Coates
R J Wagland
Z Zwierniewicz
P E Moody (resigned 30 May 2002)
D A Smart (resigned 30 May 2002)

SECRETARY D A Smart (resigned 24 June 2002)
P R Antcliffe (appointed 24 June 2002 and resigned 18 June 2003)
Mrs L M Higgins (appointed 18 June 2003)

AUDITORS Horwath Clark Whitehill
Chartered Accountants & Registered Auditors
Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ

BANKERS Lloyds TSB
55 Corn Street
Bristol
BS99 7LE

SOLICITORS Clyde & Co
Beaufort House
Chertsey Street
Guildford
GU1 4HA

REGISTERED OFFICE Kimberley House
11 Woodhouse Square
Leeds
West Yorkshire
LS3 1AD

SIMON BROOKE & PARTNERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2003

The directors present their report and financial statements for the year ended 30 April 2003.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities are insurance brokerage and risk management, the company expects to continue to develop its insurance brokerage and risk management activities in the future.

Turnover for the year was £1,384,889 (2002: £961,522). The directors are pleased to report profit for the year after taxation of £200,744 (2002: £129,530).

DIVIDENDS AND TRANSFERS TO RESERVES

The directors recommend a final dividend of £125,000 (2002: nil).

It is proposed to transfer the retained profit of £75,744 (2002: £129,530) to reserves.

The directors of the company during the year and their interests in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	At 30 April 2003	At 1 May 2002
S A Brooke	-	-
P M Coates	-	53
R Wagland	-	-
Z Zwierzewicz	-	-
D A Smart (resigned 30 May 2002)	-	-
P E Moody (resigned 30 May 2002)	-	-

The interests of the directors in the share capital of the parent company are disclosed in the financial statements of that company.

S A Brooke, R Wagland and Z Zwierzewicz are directors of SBP Group Limited and currently hold 500, 100 and 100 £1 Ordinary shares in that company respectively. D A Smart and P E Moody are partners in Solomon Hare who held 150 £1 Ordinary shares in SBP Group Ltd, but sold their interest in the company on 30 May 2002. On 7 March 2003 P M Coates exchanged his 53 shares in Simon Brooke & Partners Limited for 16 shares in SBP Group Limited.

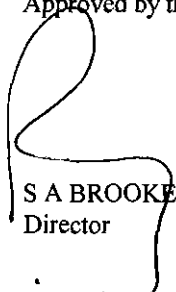
DIRECTORS' RESPONSIBILITIES

The directors are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for that period. In preparing the financial statements, suitable accounting policies have been used, applied consistently, and reasonable and prudent judgements have been made. The directors are also responsible for maintaining adequate accounting records, safeguarding the assets of the company, and preventing and detecting fraud and other irregularities. The directors are satisfied that the business is a going concern.

AUDITORS

A resolution to re-appoint Horwath Clark Whitehill as auditors will be put to the members at the annual general meeting.

Approved by the Board of Directors on 12/02/04 and signed on behalf of the board by


S A BROOKE
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SIMON BROOKE & PARTNERS LIMITED

We have audited the financial statements of Simon Brooke & Partners Limited for the year ended 30 April 2003 set out on pages 4 to 15. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Directors' Responsibilities Statement the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

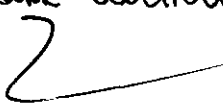
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

UNQUALIFIED OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill
Chartered Accountants and Registered Auditors
Cheltenham

Horwath Clark Whitehill


Date: 13th February 2004

SIMON BROOKE & PARTNERS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30 APRIL 2003**

	Note	2003 £	2002 £
TURNOVER	2	1,384,889	961,522
Administrative expenses		(1,114,333)	(812,364)
GROSS PROFIT		<u>270,556</u>	<u>149,158</u>
Other operating income		-	10,200
OPERATING PROFIT	3	270,556	159,358
Net interest receivable	6	<u>19,309</u>	<u>16,038</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		289,865	175,396
Tax on profit on ordinary activities	7	<u>(89,121)</u>	<u>(45,866)</u>
PROFIT FOR THE YEAR		200,744	129,530
Dividends	9	<u>(125,000)</u>	-
AMOUNT TRANSFERRED TO RESERVES	17	<u>75,744</u>	<u>129,530</u>

All recognised gains and losses are included in the profit and loss account.

All activities are continuing.

The notes on pages 6 to 15 form part of these financial statements.

SIMON BROOKE & PARTNERS LIMITED

BALANCE SHEET AS AT 30 APRIL 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Intangible assets	8	153,676	162,671
Tangible assets	10	61,257	33,672
		<u>214,933</u>	<u>196,343</u>
CURRENT ASSETS			
Debtors	11	2,538,814	2,264,789
Cash at bank and in hand	12	1,102,389	685,573
		<u>3,641,203</u>	<u>2,950,362</u>
CURRENT LIABILITIES			
CREDITORS: amounts falling due within one year	13	(3,355,735)	(2,743,378)
NET CURRENT ASSETS		<u>285,468</u>	<u>206,984</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>500,401</u>	<u>403,327</u>
CREDITORS: amounts falling due after more than one year	14	(17,521)	(1,900)
Provisions for liabilities and charges	15	(7,528)	(1,819)
NET ASSETS		<u>475,352</u>	<u>399,608</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,053	1,053
Share premium account	17	45,947	45,947
Capital redemption reserve	17	60,000	60,000
Profit and loss account	17	368,352	292,608
EQUITY SHAREHOLDERS' FUNDS	17	<u>475,352</u>	<u>399,608</u>

Approved by the Board

S A BROOKE, Director

Date: 12/02/04

The notes on pages 6 to 15 form part of these financial statements.

SIMON BROOKE & PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

1 ACCOUNTING POLICIES

a Basis of preparation

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

b Cash flow statement

The company has taken advantage of the exemption, conferred by Financial Reporting Standard 1, from presenting a cash flow statement as it qualifies as a small company.

c Intangible fixed assets and amortisation

Goodwill represents the difference between the consideration paid for an acquisition and the fair value of the underlying net assets. Goodwill is amortised over 20 years, the directors' estimate of its economic life.

d Tangible fixed assets and depreciation

The cost of tangible fixed assets is written-off over their estimated useful lives using the following bases:

Furniture and fittings	20% straight line
Motor vehicles	33% straight line
Vehicle registrations	25% straight line
Office equipment	12.5% to 20% straight line
Computer equipment	20% straight line

e Deferred taxation

Deferred taxation is provided in full on all timing differences that have originated but not reversed by the balance sheet date, calculated at appropriate tax rates. Deferred tax balances are not discounted.

f Commission income

Commissions are included in the financial statements on an accruals basis.

General insurance business brokerage is treated as earned when an invoice is raised for the premium. It is transferred to the office bank account:

- i) when net premiums are paid to the insurers, or
- ii) when commission is received from the insurer in those cases where clients pay premiums directly to the insurer.

g Fee income

Where fees are charged for the management of a risk portfolio over a period, income is recognised to reflect the proportion of work carried out for the period of management. Unearned income is carried in creditors as deferred income.

SIMON BROOKE & PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

h Pensions

The company and related businesses operate a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable.

i Fixed assets held under lease agreements and operating leases

Where assets are financed by agreements that give rights approximating to ownership ('finance leases') the assets are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases.

Depreciation on leased assets is charged to profit and loss account on the same basis as shown above.

Leasing payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account using the straight-line method.

All other leases are 'operating leases' and the relevant annual rentals are charged to profit and loss account on a straight-line basis over the lease term.

2 TURNOVER

Turnover is the value of fees and net commissions earned.

The turnover and profit before taxation are attributable to the principal activities carried on wholly within the United Kingdom.

3 OPERATING PROFIT

	2003 £	2002 £
Operating profit is arrived at after charging		
Depreciation - owned assets	8,866	7,205
- assets held under finance leases	8,872	31,192
Amortisation	8,995	8,996
Directors' remuneration	70,044	68,708
Auditors' remuneration	3,050	3,004
Operating leases – property rental	34,694	17,662
And after crediting		
Profit on disposal of fixed assets	2,018	12,830

SIMON BROOKE & PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003 (CONTINUED)

4 DIRECTORS' REMUNERATION

	2003	2002
	£	£
Fees	-	5,000
Emoluments	65,632	59,890
Contributions to defined contribution pension scheme	<u>4,412</u>	<u>3,818</u>
	<u>70,044</u>	<u>68,708</u>

1 director is a member of the defined contribution pension scheme (2002 – 1).

Three of the directors are paid by SBP Group Limited. SBP Group Limited made a management charge of £561,955 (2002 £382,950) during the year. It is not possible to identify separately the amount of directors' remuneration included in this charge.

The remuneration of the highest paid director was:

	2003	2002
	£	£
Emoluments	65,632	59,890
Contributions to defined contribution pension scheme	<u>4,412</u>	<u>3,818</u>
	<u>70,044</u>	<u>63,708</u>

5 STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year was:

	2003	2002
	Number	Number
Management and office	<u>13</u>	<u>10</u>

The aggregate payroll costs of these persons were as follows:

	2003	2002
	£	£
Wages and salaries	262,399	207,537
Social security costs	24,664	20,541
Staff benefits	3,833	1,063
Other pension costs	<u>13,490</u>	<u>11,298</u>
	<u>304,386</u>	<u>240,439</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003 (CONTINUED)

6 NET INTEREST RECEIVABLE

	2003	2002
	£	£
Finance lease interest payable	(1,712)	(4,513)
Bank interest receivable	21,021	20,282
Other interest	-	269
	<u>19,309</u>	<u>16,038</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003	2002
	£	£
Current taxation:		
UK Corporation tax at 29% (2002: 26%)	83,412	45,803
Adjustments in respect of prior years	-	(1,756)
Deferred tax	5,709	1,819
	<u>89,121</u>	<u>45,866</u>

The tax rate on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2003	2002
	%	%
Standard rate of corporation tax in the United Kingdom	30	30
Effects of:		
Depreciation for the period in excess of capital allowance	(2)	(2)
Expenses not deductible for tax purposes	2	3
Under provision of current tax	(2)	-
Small companies relief	(1)	(4)
UK corporation tax rate for the year	<u>27</u>	<u>27</u>
Adjustments to tax rate in respect of previous years	2	(1)
Current tax rate for the year	<u>29</u>	<u>26</u>

SIMON BROOKE & PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003 (CONTINUED)****INTANGIBLE FIXED ASSETS**

	Goodwill
	£
Cost	
At 1 May 2002 and at 30 April 2003	<u>179,913</u>
Amortisation	
At 1 May 2002	17,242
Charge for the year	<u>8,995</u>
At 30 April 2003	<u>26,237</u>
Net book value	
At 30 April 2003	<u>153,676</u>
At 30 April 2002	<u>162,671</u>

8 DIVIDENDS
 Ordinary Share Capital

	2003	2002
	£	£
Final dividend	<u>125,000</u>	-
	<u>125,000</u>	-

SIMON BROOKE & PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003 (CONTINUED)

9 TANGIBLE FIXED ASSETS

	Motor vehicles £	Furniture & fittings £	Computer equipment £	Total £
Cost				
At 1 May 2002	22,866	19,269	53,940	96,075
Additions	-	27,294	20,806	48,100
Disposals	(12,500)	-	-	(12,500)
At 30 April 2003	<u>10,366</u>	<u>46,563</u>	<u>74,746</u>	<u>131,675</u>
Depreciation				
At 1 May 2002	15,278	11,339	35,786	62,403
Charge for the year	2,591	5,944	9,203	17,738
Disposals	(9,723)	-	-	(9,723)
At 30 April 2003	<u>8,146</u>	<u>17,283</u>	<u>44,989</u>	<u>70,418</u>
Net book values				
At 30 April 2003	<u>2,220</u>	<u>29,280</u>	<u>29,757</u>	<u>61,257</u>
At 30 April 2002	<u>7,588</u>	<u>7,930</u>	<u>18,154</u>	<u>33,672</u>

The net book amounts of tangible fixed assets held under lease agreements total £33,808 (2002 - £10,025).

10 DEBTORS

	2003 £	2002 £
Trade debtors	2,239,945	2,239,416
Prepayments and other debtors	200,089	8,804
Amounts owed by ultimate parent undertakings	98,780	14,128
Amounts owed by fellow subsidiary undertakings	-	2,441
	<u>2,538,814</u>	<u>2,264,789</u>

SIMON BROOKE & PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003 (CONTINUED)

11 CASH AT BANK AND IN HAND

	2003	2002
	£	£
Insurance broking account	1,098,754	692,777
Other bank accounts and cash	3,635	(7,204)
	<u>1,102,389</u>	<u>685,573</u>

12 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	2003	2002
	£	£
Obligations under finance leases	14,786	5,132
Trade creditors	2,928,876	2,601,853
Amounts owed to related firm	99,876	4,621
Corporation tax	83,412	45,742
Other taxes and social security	19,666	11,014
Proposed dividend	125,000	-
Accruals and deferred income	84,119	75,016
	<u>3,355,735</u>	<u>2,743,378</u>

13 CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

	2003	2002
	£	£
Obligations under finance leases are due as follows		
Within 1-2 years	17,521	1,900
	<u>17,521</u>	<u>1,900</u>

SIMON BROOKE & PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003 (CONTINUED)****14 PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred taxation provision:	2003	2002
	£	£
At 1 May 2003	1,819	-
Provided during the year in respect of accelerated capital allowances	5,709	1,819
At 30 April 2003	<u>7,528</u>	<u>1,819</u>

15 CALLED UP SHARE CAPITAL

	2003	2002
	£	£
Authorised		
1,053 (2002 1,053) Ordinary shares of £1 each	1,053	1,053
60,000 6% cumulative redeemable preference shares of £1 each	60,000	60,000
	<u>61,053</u>	<u>61,053</u>

	2003	2002
	£	£
Allotted and fully paid		
1,053 (2002 1,053) Ordinary shares of £1 each	<u>1,053</u>	<u>1,053</u>

SIMON BROOKE & PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003 (CONTINUED)

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital	Share premium account	Profit and loss account	Capital redemption reserve	2003 Total	2002 Total
	£	£	£	£	£	£
Profit for the financial year	-	-	200,744	-	200,744	129,530
Dividends	-	-	(125,000)	-	(125,000)	-
	-	-	75,744	-	75,744	129,530
Opening shareholders' funds	1,053	45,947	292,608	60,000	399,608	270,078
Closing shareholders funds	1,053	45,947	368,352	60,000	475,352	399,608

17 PENSION COMMITMENTS

The company participates in a defined contribution pension scheme with Friends Provident from December 2002, previously, the Solomon Hare Pension and Life Assurance Scheme, for the directors and certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The company had £1,887 (2002 - £nil) of contributions outstanding at the year-end.

SIMON BROOKE & PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003 (CONTINUED)****18 RELATED PARTY TRANSACTIONS**

At the balance sheet date SBP Group Limited wholly owned Simon Brooke & Partners Limited. S A Brooke is the ultimate controlling party.

The company incurs revenue expenditure on behalf of SBP Chapman Stevens Limited and SBP Group Limited. SBP Group Limited recharges management costs to the company.

During the year £99,876 (2002 £38,110) was charged to SBP Chapman Stevens Limited. At 30 April 2003 SBP Chapman Stevens Limited were owed £99,825 (2002 £2,441 due to SBP Limited from SBP Chapman Stevens Limited) from the company.

During the year £656,974 (2002 £403,140) was charged to SBP Group Limited. At 30 April 2003 SBP Group Limited owed the company £98,780 (2002 £14,128). SBP Group Limited charged the company a management charge of £561,955 (2002 £382,950). At 30 April 2003 the company owed SBP Group Limited £nil (2002 £nil).

At the year end the directors recommended a final dividend of £125,000 (2002: nil) payable to SBP Group Limited and is included in creditors as at the year end.

19 COMMITMENTS UNDER OPERATING LEASES

At 30 April 2003 the company had annual commitments under non-cancellable leases as follows:

	Land and buildings	
	2003	2002
	£	£
Operating leases:		
In 2 – 5 years	-	17,662
After 5 years	31,700	-
	<u>31,700</u>	<u>17,662</u>