

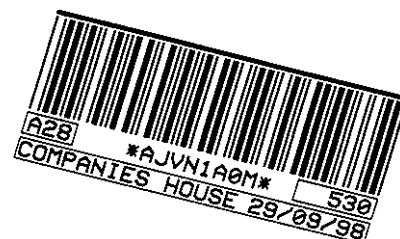
**Simon Brooke & Partners Limited**

**Accounts for the Period Ended**

**30 April 1998**

**Company No. 3319967**

**Horwath Clark Whitehill  
Chartered Accountants  
Carrick House  
Lypiatt Road  
Cheltenham  
GL50 2QJ**



**SIMON BROOKE & PARTNERS LIMITED**

Registered No. 3319967

**DIRECTORS**

P E Moody (Chairman)

S A Brooke

D A Smart

R J Wagland

Z Zwierzewicz

**SECRETARY**

D A Smart

**AUDITORS**

Horwath Clark Whitehill

Chartered Accountants

Carrick House

Lypiatt Road

Cheltenham

Gloucestershire

GL50 2QJ

**BANKERS**

Barclays Bank

Hanover Square Corporate Banking Centre

8-9 Hanover Square

London

W1A 4ZW

**SOLICITORS**

Osborne Clarke

50 Queen Charlotte Street

Bristol

BS1 4HE

**REGISTERED OFFICE**

Oakfield House

Oakfield Grove

Clifton

Bristol

BS8 2BN

## SIMON BROOKE & PARTNERS LIMITED

### DIRECTORS' REPORT

The directors present their report and accounts for the period ended 30 April 1998.

### REVIEW OF THE BUSINESS

The company was incorporated on 18 February 1997 as Oval (1117) Limited and changed its name by special resolution to Simon Brooke & Partners Limited on 17 March 1997.

The company commenced trading on 12 May 1997 and its principal activity is that of insurance brokerage. Turnover for the period amounted to £356,435. The directors are pleased to report profit for the period of £37,088.

The company expects to continue to develop its insurance brokerage activities in the future.

Guarantees and software updates are currently being sought, from the business systems suppliers to ensure all software is or will be 'year 2000 compliant'. The directors are also ensuring all other non-IT equipment with date dependent areas will be compliant.

### DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend on the ordinary share capital of the company.

In accordance with the Articles of Association dividends were paid to the 6% preference shareholders on 30 September 1997 and 31 March 1998 totalling £3,299, a further £300 has been accrued to 30 April 1998. This leaves a retained profit of £33,489 to be transferred to reserves.

### DIRECTORS

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

	Ordinary shares of £1 each		6% Redeemable Preference shares of £1 each	
	on appointment	at 30 April 1998	on appointment	at 30 April 1998
S A Brooke (appointed 10 March 1997)	-	430	-	18,764
R Wagland (appointed 2 May 1997)	60	60	2,618	2,618
Z Zwierzewicz (appointed 10 March 1997)	-	60	-	2,618
D A Smart (appointed 10 March 1997)	-	-	-	-
P E Moody (appointed 2 May 1997)	-	-	-	-
Oval Nominees Limited				
(appointed 18 February 1997)	1	-	-	-
(resigned 10 March 1997)				
Ovalsec Limited				
(appointed 18 February 1997)	-	-	-	-
(resigned 10 March 1997)				

D A Smart and P E Moody are partners in Solomon Hare who hold 450 £1 Ordinary shares and 36,000 6% £1 Redeemable Preference shares at 30 April 1998.

**SIMON BROOKE & PARTNERS LIMITED****DIRECTORS' RESPONSIBILITIES**

The directors are required by company law to prepare accounts 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 accounts, 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**

Clark Whitehill were appointed auditors of the company on 10 March 1997.

During the year the auditors changed the name under which they practice to Horwath Clark Whitehill and have signed the report in their new name.

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  
and signed on behalf of the Board by



D A SMART  
Secretary

11 September 1998.

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

We have audited the accounts on pages 5 to 13, which have been prepared under the historical cost convention and the accounting policies, set out on pages 7 and 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 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 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 30 April 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Horwath Clark Whitehill*

*2*  
HORWATH CLARK WHITEHILL

*14th September 1998*

Chartered Accountants and Registered Auditors

**SIMON BROOKE & PARTNERS LIMITED****PROFIT AND LOSS ACCOUNT****PERIOD ENDED 30 APRIL 1998**

	Note	1998 £
TURNOVER	2	356,435
Administrative expenses		314,334
		<hr/>
OPERATING PROFIT		42,101
Net interest receivable	6	7,660
		<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	49,761
Tax on profit on ordinary activities	7	12,673
		<hr/>
PROFIT FOR THE PERIOD		37,088
Dividends (including non-equity)	8	3,599
		<hr/>
AMOUNT TRANSFERRED TO RESERVES	15	33,489
		<hr/>

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

The notes on pages 7 to 13 form part of these accounts

## SIMON BROOKE &amp; PARTNERS LIMITED

## BALANCE SHEET AT 30 APRIL 1998

	Note	1998 £
<b>FIXED ASSETS</b>		
Tangible assets	9	70,667
<b>CURRENT ASSETS</b>		
Debtors	10	504,928
Cash at bank and in hand	11	637,638
		<hr/>
		1,142,566
Creditors (amounts falling due within one year)	12	1,091,023
		<hr/>
<b>NET CURRENT ASSETS</b>		51,543
		<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		122,210
Creditors (amounts falling due after more than one year)	13	27,721
		<hr/>
<b>NET ASSETS</b>		94,489
		<hr/>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	14	61,000
Profit and loss account		33,489
		<hr/>
<b>SHAREHOLDERS' FUNDS (INCLUDING NON-EQUITY)</b>	15	94,489
		<hr/>

Approved by the Board 11 September 1998

S A BROOKE



)  
)  
) Directors

D A SMART



)  
)  
)  
)

The notes on pages 7 to 13 form part of these accounts

# **SIMON BROOKE & PARTNERS LIMITED**

## **NOTES TO THE ACCOUNTS**

### **1 ACCOUNTING POLICIES**

#### **a Basis of preparation**

These accounts 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 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	25% straight line
Office equipment	12.5% to 20% straight line
Computer equipment	20% straight line

#### **d Deferred taxation**

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

#### **e Commission income**

Commissions are included in the accounts 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.

#### **f 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.

#### **g 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.



## SIMON BROOKE &amp; PARTNERS LIMITED

## NOTES TO THE ACCOUNTS

## 1 ACCOUNTING POLICIES (continued)

## h Fixed assets held under lease agreements

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 one principal activity carried on wholly within the United Kingdom.

## 3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1998 £
Profit on ordinary activities before taxation is arrived at after charging:	
Depreciation - owned assets	944
- assets held under finance leases	17,205
Auditors' remuneration	3,000
Interest payable on finance leases	3,042
Operating leases - property rental	8,646
	<hr/>
and after crediting:	
Bank deposit interest	10,702
	<hr/>

## SIMON BROOKE &amp; PARTNERS LIMITED

## NOTES TO THE ACCOUNTS

4	DIRECTORS' REMUNERATION	1998 £
	Fees	5,000
	Emoluments	151,731
	Contributions to defined contribution pension scheme	10,735
		<u>167,466</u>

Three directors are members of the defined contribution pension scheme.

## 5 STAFF NUMBERS AND COSTS

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

Management and office	7
-----------------------	---

The aggregate payroll costs of these persons were as follows:

	£
Wages and salaries	166,423
Social security costs	18,217
Other pension costs	12,594
	<u>197,234</u>

## 6 NET INTEREST RECEIVABLE

	£
Finance lease interest payable	(3,042)
Bank interest receivable	10,702
	<u>7,660</u>

## 7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	£
Current taxation:	
UK Corporation tax at 25.41%	12,673

## SIMON BROOKE &amp; PARTNERS LIMITED

## NOTES TO THE ACCOUNTS

## 8 DIVIDENDS (INCLUDING NON-EQUITY)

	1998 £
Non-equity - 6% Redeemable Preference shares	
Paid	3,299
Payable	300
Total dividends paid and payable	<u>3,599</u>

## 9 TANGIBLE ASSETS

	Motor vehicles £	Furniture and fittings £	Computer equipment £	Total £
Cost				
Additions	45,452	13,975	29,389	88,816
At 30 April 1998	<u>45,452</u>	<u>13,975</u>	<u>29,389</u>	<u>88,816</u>
Depreciation				
Charge for the period	11,119	2,532	4,498	18,149
At 30 April 1998	<u>11,119</u>	<u>2,532</u>	<u>4,498</u>	<u>18,149</u>
Net book amounts				
At 30 April 1998	<u>34,333</u>	<u>11,443</u>	<u>24,891</u>	<u>70,667</u>

The net book amounts of tangible fixed assets held under lease agreements total £63,827.

## 10 DEBTORS

	1998 £
Trade debtors	486,768
Prepayments and other debtors	18,160
	<u>504,928</u>

## SIMON BROOKE &amp; PARTNERS LIMITED

## NOTES TO THE ACCOUNTS

11	CASH AT BANK AND IN HAND	1998 £
	On Insurance Broking account	145,830
	Other bank accounts and cash	491,808
		<u>637,638</u>
12	CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)	
	Obligations under finance leases	29,652
	Trade creditors	963,152
	Amounts owed to related firm	946
	Corporation tax	12,013
	Other taxes and social security	12,761
	Accruals and deferred income	72,499
		<u>1,091,023</u>
13	CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)	
	Obligations under finance leases	27,721
		<u>27,721</u>
	Obligations under finance leases are due as follows:	
	Within 1-2 years	27,721
	Within 2-5 years	-
		<u>27,721</u>
14	CALLED UP SHARE CAPITAL	
	On incorporation, the authorised share capital of Oval (1117) Limited comprised 1,000 ordinary shares of £1 each, of which one share was issued and fully paid for cash.	
	On 10 March 1997, the authorised share capital was increased by 1,000 ordinary shares to 2,000 ordinary shares of £1 each. On that day 1,999 £1 ordinary shares were issued and fully paid for cash.	
	On 2 May 1997, the authorised share capital was increased to 61,000 shares, comprising 1,000 ordinary shares of £1 each and 60,000 6% cumulative redeemable preference shares of £1 each. On that day, all the ordinary and preference shares were issued and fully paid for cash.	

## SIMON BROOKE &amp; PARTNERS LIMITED

## NOTES TO THE ACCOUNTS

## 14 CALLED UP SHARE CAPITAL (continued)

	1998 £
Authorised, allotted and fully paid:	
1,000 Ordinary shares of £1 each	1,000
60,000 6% Redeemable Preference shares of £1 each	60,000
	<u>61,000</u>

Subject to the provisions of the Companies Act 1985 the company shall redeem the following number of preference shares, at par, on the following dates

Date	No. of Preference Shares
1 May 1998	12,500
1 May 1999	12,500
1 May 2000	15,000
1 May 2001	20,000

The holders of preference shares shall be entitled to receive, in priority to the holders of any other class of shares, a fixed cumulative preferential net cash dividend of 6% per annum on each share, such dividend to accrue day to day from the date of subscription for the preference shares. The first such payment to be made 30 September 1997 and half yearly thereafter.

## 15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital 1998 £	Profit and loss account 1998 £	Total 1998 £
Profit for the financial year	-	37,088	37,088
Dividends	-	(3,599)	(3,599)
Issue of new shares	61,000	-	61,000
	<u>61,000</u>	<u>33,489</u>	<u>94,489</u>
Net addition to shareholders' funds	61,000	33,489	94,489
Opening shareholders' funds	-	-	-
	<u>61,000</u>	<u>33,489</u>	<u>94,489</u>
Closing shareholders' funds	61,000	33,489	94,489
Analysis of shareholders' funds:			
Equity			34,489
Non-equity			60,000
			<u>94,489</u>

**SIMON BROOKE & PARTNERS LIMITED****NOTES TO THE ACCOUNTS****16 PROVISIONS FOR LIABILITIES AND CHARGES**

No provision for deferred taxation is required.

**17 PENSION COMMITMENTS**

The company participates in a defined contribution pension scheme, the Solomon Hare Pension and Life Assurance Scheme, for their 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 £1,299 of contributions outstanding at the year end, which were paid to the pension scheme in May.

**18 RELATED PARTY TRANSACTIONS**

The partnership of Solomon Hare has a 45% holding in the company's share capital. D A Smart and P E Moody are partners in Solomon Hare.

The partnership prepares the monthly management accounts for Simon Brooke & Partners Limited, provides financial management support and incurs miscellaneous revenue expenditure on behalf of the company. During the year revenue costs of £10,933 were charged from Solomon Hare to the company. At 30 April 1998 the company owed Solomon Hare £946.