

Co. House

SBP Chapman Stevens Limited

Accounts for the Year Ended

30 April 2001

Company No. 3718512



Registered No 3718512

DIRECTORS

S A Brooke (Chairman)

G W Bryant

I L Hall

R J Wagland

Z Zwierzewicz

SECRETARY

D A Smart

AUDITORS

Horwath Clark Whitehill

Chartered Accountants & Registered Auditors

Carrick House

Lypiatt Road

Cheltenham

Gloucestershire

GL50 2QJ

BANKERS

Lloyds TSB Bank plc

55 Corn Street

Bristol

BS99 7LE

SOLICITORS

Osborne Clarke

50 Queen Charlotte Street

Bristol

BS1 4HE

REGISTERED OFFICE

Oakfield House

Oakfield Grove

Clifton

Bristol

BS8 2BN

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 April 2001.

REVIEW OF THE BUSINESS

The principal activity is that of insurance brokerage. The company expects to continue to develop its insurance brokerage activities in the future.

Turnover for the year was £690,752 (2000 £493,925). The directors are pleased to report profit for the year of £110,995 (2000 £82,841).

On 16 June 2000 SBP Group Limited acquired the entire share capital of SBP Chapman Stevens Limited from Simon Brooke & Partners Limited.

SBP Group Limited is the ultimate parent of SBP Chapman Stevens Limited.

During the year the company changed its bankers from Barclays Bank plc to Lloyds TSB Bank plc.

DIVIDENDS AND TRANSFERS TO RESERVES

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

It is proposed that the retained profit of £110,995 (2000 £82,841) be transferred to reserves.

DIRECTORS

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 2001 | At 1 May 2000 |
| S A Brooke | - | - |
| G W Bryant | - | - |
| I L Hall | - | - |
| R J Wagland | - | - |
| Z Zwierzewicz | - | - |

The interests of S A Brooke, R J Wagland and Z Zwierzewicz in the share capital of the parent company are disclosed in the accounts of that company. G W Bryant and I L Hall have no such interests.

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.

DIRECTORS' REPORT (Continued)

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
and signed on behalf of the Board by

A handwritten signature in black ink, consisting of the letters 'D A' followed by a long, sweeping horizontal stroke that curves upwards at the end.

D A SMART

Secretary
16 January 2002

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SBP CHAPMAN STEVENS LIMITED

We have audited the accounts of SBP Chapman Stevens Limited for the year ended 30 April 2001 set out on pages 5 to 14. These accounts 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 in the Directors' Responsibilities Statement, the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the accounts 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 accounts, 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 Director's 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 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill
2

Horwath Clark Whitehill

Chartered Accountants and Registered Auditors
Cheltenham

18 January 2002

PROFIT AND LOSS ACCOUNT**YEAR ENDED 30 APRIL 2001**

| | Note | 2001 £ | 2000 £ |
|--|------|-----------------------|----------------------|
| TURNOVER | 2 | 690,752 | 493,925 |
| Administrative expenses | | 574,182 | 384,716 |
| OPERATING PROFIT | 3 | <u>116,570</u> | <u>109,209</u> |
| Interest receivable and similar income (net) | 6 | <u>15,059</u> | <u>10,945</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 131,629 | 120,154 |
| Tax on profit on ordinary activities | 7 | 20,634 | 37,313 |
| PROFIT FOR THE YEAR TRANSFERRED TO RESERVES | 16 | <u><u>110,995</u></u> | <u><u>82,841</u></u> |

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

The notes on pages 7 to 14 form part of these accounts

BALANCE SHEET AT 30 APRIL 2001

| | Note | 2001 £ | 2000 £ |
|--|------|------------------|------------------|
| FIXED ASSETS | | | |
| Intangible assets | 8 | 438,180 | 446,678 |
| Tangible assets | 9 | 83,503 | 100,702 |
| | | <u>521,683</u> | <u>547,380</u> |
| CURRENT ASSETS | | | |
| Debtors | 10 | 433,736 | 625,837 |
| Cash at bank and in hand | 11 | 545,414 | 479,784 |
| | | <u>979,150</u> | <u>1,105,621</u> |
| CURRENT LIABILITIES | | | |
| Creditors (amounts falling due within one year) | 12 | 1,164,312 | 1,308,434 |
| NET CURRENT LIABILITIES | | <u>(185,162)</u> | <u>(202,813)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>336,521</u> | <u>344,567</u> |
| Creditors (amounts falling due after more than one year) | 13 | 137,963 | 257,004 |
| Provisions for liabilities and charges | 14 | 3,722 | 3,722 |
| NET ASSETS | | <u>194,836</u> | <u>83,841</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 15 | 1,000 | 1,000 |
| Profit and loss account | 16 | 193,836 | 82,841 |
| EQUITY SHAREHOLDERS' FUNDS | | <u>194,836</u> | <u>83,841</u> |

Approved by the Board



S A BROOKE, Director
16 January 2002

The notes on pages 7 to 14 form part of these accounts

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 Intangible fixed assets

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

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 | 25% to 33.3% 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 using the liability method on all timing differences which are expected to reverse in the foreseeable future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

f 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.

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES (continued)

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.

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 principal activities carried on wholly within the United Kingdom.

3 OPERATING PROFIT

| | 2001 £ | 2000 £ |
|---|-----------|-----------|
| Operating profit is arrived at after charging: | | |
| Directors' remuneration | 141,198 | 111,821 |
| Depreciation – owned assets | 2,503 | 293 |
| Depreciation – assets held under finance leases | 27,811 | 16,729 |
| Amortisation of goodwill | 24,794 | 19,426 |
| Auditors' remuneration | 3,355 | 1,603 |
| Operating leases – property rental | 22,559 | 10,907 |
| Loss on disposal of fixed asset | 615 | - |
| and after crediting: | | |
| Profit on disposal of fixed asset | - | 902 |

NOTES TO THE ACCOUNTS

4 DIRECTORS' REMUNERATION

| | 2001 £ | 2000 £ |
|---|----------------|----------------|
| Emoluments | 129,746 | 103,681 |
| Contribution to defined contribution pension scheme | 11,452 | 8,140 |
| | <u>141,198</u> | <u>111,821</u> |

Two directors are members of the defined contribution pension scheme. (2000 - 2)

5 STAFF NUMBERS AND COSTS

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

| | 2001 | 2000 |
|-----------------------|-----------|----------|
| Management and office | <u>10</u> | <u>9</u> |

The aggregate payroll costs of these persons were as follows:

| | 2001 £ | 2000 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 253,882 | 180,026 |
| Social security costs | 25,195 | 18,550 |
| Staff benefits | 2,789 | 2,395 |
| Other pension costs | 13,778 | 11,100 |
| | <u>295,644</u> | <u>212,071</u> |

6 NET INTEREST RECEIVABLE

| | 2001 £ | 2000 £ |
|--------------------------------|---------------|---------------|
| Finance lease interest payable | (6,805) | (2,902) |
| Bank interest receivable | <u>21,864</u> | <u>13,847</u> |
| | <u>15,059</u> | <u>10,945</u> |

NOTES TO THE ACCOUNTS

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2001 | 2000 |
|--|---------------|---------------|
| | £ | £ |
| Current taxation | | |
| UK Corporation tax at 20% (2000-27.2%) | 20,000 | 33,591 |
| Adjustment in respect of previous year | 634 | - |
| Transfer to deferred taxation | - | 3,722 |
| | <u>20,634</u> | <u>37,313</u> |

The taxation charge for the year has been reduced by approximately £21,000 as a result of losses of SBP Group Limited

8 INTANGIBLE FIXED ASSET

| | Goodwill |
|---------------------|----------------|
| | £ |
| Cost | |
| At 1 May 2000 | 466,104 |
| Revaluation | 16,296 |
| At 30 April 2001 | <u>482,400</u> |
| Amortisation | |
| At 1 May 2000 | 19,426 |
| Charge for the year | 24,794 |
| At 30 April 2001 | <u>44,220</u> |
| Net book value | |
| At 30 April 2001 | <u>438,180</u> |
| At 30 April 2000 | <u>446,678</u> |

On 14 June 1999 the company acquired the insurance broking business of the bus and coach division of BMS Chapman Stevens. The consideration payable consisted of £150,000 immediately, £100,000 in three equal annual instalments commencing on 14 June 2000 and further amounts of deferred consideration based on turnover achieved from the acquired business in the periods to 14 June 2002. Payments of £72,658 and £73,878 have been made in 2000 and 2001 respectively. The directors estimate the final deferred consideration to be £69,760 payable in 2002. Should amounts actually payable prove to be different appropriate adjustments will be made at future balance sheet dates. As no tangible assets were acquired the whole of the consideration represents goodwill.

NOTES TO THE ACCOUNTS

9 TANGIBLE FIXED ASSETS

| | Motor vehicles | Fixtures, fittings, furniture & equipment | Computer equipment | Total |
|---------------------|-------------------|--|-----------------------|----------|
| Cost | £ | £ | £ | £ |
| At 1 May 2000 | 42,000 | 10,919 | 62,238 | 115,157 |
| Reclassification | - | 15,002 | (15,002) | - |
| Additions | 17,802 | 2,990 | 5,156 | 25,948 |
| Disposals | (22,000) | - | - | (22,000) |
| At 30 April 2001 | 37,802 | 28,911 | 52,392 | 119,105 |
| Depreciation | | | | |
| At 1 May 2000 | 8,555 | 812 | 5,088 | 14,455 |
| Charge for the year | 16,238 | 5,804 | 8,272 | 30,314 |
| Disposals | (9,167) | - | - | (9,167) |
| At 30 April 2001 | 15,626 | 6,616 | 13,360 | 35,602 |
| Net book values | | | | |
| At 30 April 2001 | 22,176 | 22,295 | 39,032 | 83,503 |
| At 30 April 2000 | 33,445 | 10,107 | 57,150 | 100,702 |

The net book amounts of tangible fixed assets held under lease agreements total £70,248. (2000 £96,946)

10 DEBTORS

| | 2001 £ | 2000 £ |
|---------------|-----------|-----------|
| Trade debtors | 425,831 | 617,109 |
| Prepayments | 6,952 | 6,186 |
| Other debtors | 953 | 2,542 |
| | 433,736 | 625,837 |

11 CASH AT BANK AND IN HAND

| | 2001 £ | 2000 £ |
|------------------------------|-----------|-----------|
| Insurance broking account | 462,429 | 398,017 |
| Other bank accounts and cash | 82,985 | 81,767 |
| | 545,414 | 479,784 |

NOTES TO THE ACCOUNTS

12 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

| | 2001 | 2000 |
|--|------------------|------------------|
| | £ | £ |
| Obligations under finance leases | 26,855 | 29,218 |
| Trade creditors | 760,772 | 885,419 |
| Sundry creditors | 58 | 6,558 |
| Amounts owed to fellow subsidiary undertakings | 4,254 | - |
| Amounts owed to parent company | 226,000 | 219,074 |
| Amounts owed to related undertaking | 2,016 | 1,003 |
| Corporation tax | 20,000 | 33,591 |
| Other taxes and social security | 9,274 | 16,659 |
| Accruals and deferred income | 7,871 | 10,979 |
| Obligations under acquisition agreement | 107,212 | 105,933 |
| | <u>1,164,312</u> | <u>1,308,434</u> |

Simon Brooke & Partners Limited sold its interest in the company to SBP Group Limited on 16 June 2000, thereby becoming a fellow subsidiary undertaking.

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

| | 2001 | 2000 |
|---|----------------|----------------|
| | £ | £ |
| Obligations under finance leases | 34,869 | 62,937 |
| Acquisition of company-deferred consideration | 103,094 | 194,067 |
| | <u>137,963</u> | <u>257,004</u> |

As explained in note 8, part of the deferred consideration is contingent on future turnover. Adjustments may be required in the light of actual turnover achieved.

Obligations under finance leases are due as follows:

| | 2001 | 2000 |
|------------------------|----------------|----------------|
| | £ | £ |
| Within 1-2 years | 21,855 | 29,218 |
| Within 2-5 years | 13,014 | 33,719 |
| | <u>34,869</u> | <u>62,937</u> |
| Deferred consideration | 2001 | 2000 |
| | £ | £ |
| Within 1-2 years | 103,094 | 97,033 |
| Within 2-5 years | - | 97,034 |
| | <u>103,094</u> | <u>194,067</u> |

NOTES TO THE ACCOUNTS

14 PROVISIONS FOR LIABILITIES AND CHARGES

| | 2001 | 2000 |
|---------------------------------------|--------------|--------------|
| | £ | £ |
| Deferred taxation: | | |
| At 1 May 2000 | 3,722 | - |
| Transfer from profit and loss account | - | 3,722 |
| At 30 April 2001 | <u>3,722</u> | <u>3,722</u> |
| Analysed as: | 2001 | 2000 |
| | £ | £ |
| Capital allowances | 4,016 | 4,016 |
| Other timing differences | (294) | (294) |
| | <u>3,722</u> | <u>3,722</u> |

There is no unprovided deferred taxation.

15 CALLED UP SHARE CAPITAL

| | 2001 | 2000 |
|--------------------------------------|--------------|--------------|
| | £ | £ |
| Authorised, allotted and fully paid: | | |
| 1,000 Ordinary shares of £1 each | 1,000 | 1,000 |
| | <u>1,000</u> | <u>1,000</u> |

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | Share capital | Profit and loss account | Total |
|-------------------------------------|---------------|-------------------------|----------------|
| | £ | £ | £ |
| Profit for the financial year | - | 110,995 | 110,995 |
| Dividends | - | - | - |
| Net increase in shareholders' funds | <u>-</u> | <u>110,995</u> | <u>110,995</u> |
| Opening shareholders' funds | 1,000 | 82,841 | 83,841 |
| Closing shareholders' funds | <u>1,000</u> | <u>193,836</u> | <u>194,836</u> |

NOTES TO THE ACCOUNTS

17 PENSION COMMITMENTS

The company participates in a defined contribution pension scheme, 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 £nil (2000 £nil) contributions outstanding at the year-end.

18 RELATED PARTY TRANSACTIONS

At the balance sheet date SBP Chapman Stevens Limited was wholly owned by SBP Group Limited. There is no single ultimate controlling party.

Simon Brooke & Partners Limited, a fellow subsidiary, incurs miscellaneous expenditure on behalf of the company. During the year revenue costs of £35,186 (2000 £61,374) were charged from Simon Brooke & Partners Limited to the company. At 30 April 2001 the company owed Simon Brooke & Partners Limited £4,254 (2000 £219,074).

SBP Group Limited has charged the company £58,000 (2000 £nil) in management charges during the year. During the year SBP Group Limited lent the company £168,000 in the form of a non-interest bearing company loan payable on demand. At 30 April 2001 the company owed SBP Group Limited £226,000 (2000 £nil).

The partnership of Solomon Hare has a 30% holding in SBP Group Limited share capital. The partnership of Solomon Hare prepares the monthly management accounts for SBP Chapman Stevens Limited, provides financial management support and incurs miscellaneous revenue expenditure on behalf of the company. During the year revenue costs of £12,747 (2000 £10,499) were charged from Solomon Hare to the company. At 30 April 2001 the company owed Solomon Hare £2,016 (2000 £1,003).

20 COMMITMENTS UNDER OPERATING LEASES

At 30 April 2001 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings 2001 £ | Others 2001 £ | Land and buildings 2000 £ | Others 2000 £ |
|-----------------------------------|------------------------------------|---------------------|------------------------------------|---------------------|
| Operating leases which expire: | | | | |
| Within 1 year | - | - | - | - |
| In 2-5 years | 21,360 | 588 | 21,360 | - |
| After 5 years | - | - | - | 588 |
| | <u>21,360</u> | <u>588</u> | <u>21,360</u> | <u>588</u> |