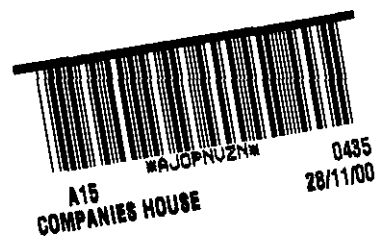


SBP Chapman Stevens Limited

Accounts for the Period Ended

30 April 2000

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

Carrick House

Lypiatt Road

Cheltenham

Gloucestershire

GL50 2QJ

BANKERS

Barclays Bank PLC

Hanover Square Corporate Banking Centre

PO Box 15163H

50 Pall Mall

London

SW1A 1QD

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 period ended 30 April 2000.

REVIEW OF THE BUSINESS

The company was incorporated on 23 February 1999 as Oval (1398) Limited and changed its name by special resolution to SBP Chapman Stevens Limited on 14 June 1999.

On 19 May 1999 Simon Brooke & Partners Limited acquired 100% of the share capital of the company. On 14 June 1999 the company acquired the insurance broking business of the coach and bus division of BMS Chapman Stevens for £460,000 with deferred consideration dependent on the level of trade over the following 3 years.

The company commenced trading on 14 June 1999 and its principal activity is that of insurance brokerage. The company expects to continue to develop its insurance brokerage activities in the future.

Turnover for the period was £493,925. The directors are pleased to report profit for the period of £82,841.

On 15 June 2000 SBP Group Limited was incorporated. SBP Group Limited acquired the share capital of Simon Brooke & Partners Limited by way of a share for share exchange and acquired the entire share capital of SBP Chapman Stevens Limited from Simon Brooke & Partners Limited.

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 £82,841 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 At 30 April 2000 and on appointment
S A Brooke (appointed 19 May 1999)	Nil
G W Bryant (appointed 14 June 1999)	Nil
I L Hall (appointed 14 June 1999)	Nil
R J Wagland (appointed 21 June 1999)	Nil
Z Zwierzewicz (appointed 19 May 1999)	Nil

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

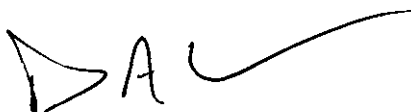
The directors are required by company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for that period. In preparing the accounts, suitable accounting policies have been used, 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.

AUDITORS

Horwath Clark Whitehill were appointed auditors of the company on incorporation.

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

06 November 2000

AUDITORS' REPORT TO THE SHAREHOLDERS OF SBP CHAPMAN STEVENS LIMITED

We have audited the accounts on pages 5 to 14 that 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 the 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 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill

Horwath Clark Whitehill

Chartered Accountants and Registered Auditor
Cheltenham

13th November 2000

PROFIT AND LOSS ACCOUNT**PERIOD ENDED 30 APRIL 2000**

	Note	2000 £
TURNOVER	2	493,925
Administrative expenses		384,716
OPERATING PROFIT	3	<u>109,209</u>
Interest receivable and similar income (net)	6	<u>10,945</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		120,154
Tax on profit on ordinary activities	7	37,313
PROFIT FOR THE PERIOD TRANSFERRED TO RESERVES	16	<u><u>82,841</u></u>

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

The company commenced trading on 14 June 1999 and all activities are continuing.

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

BALANCE SHEET AT 30 APRIL 2000

	Note	2000 £
FIXED ASSETS		
Intangible assets	8	446,678
Tangible assets	9	100,702
		<u>547,380</u>
CURRENT ASSETS		
Debtors	10	625,837
Cash at bank and in hand	11	479,784
		<u>1,105,621</u>
Creditors (amounts falling due within one year)	12	1,308,434
NET CURRENT LIABILITIES		<u>(202,813)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>344,567</u>
Creditors (amounts falling due after more than one year)	13	257,004
Provisions for liabilities and charges	14	3,722
NET ASSETS		<u><u>83,841</u></u>
CAPITAL AND RESERVES		
Called up share capital	15	1,000
Profit and loss account	16	82,841
EQUITY SHAREHOLDERS' FUNDS		<u><u>83,841</u></u>

Approved by the Board



S A BROOKE, Director



Z ZWIERZEWICZ, Director

6 November 2000

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	33.3% 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.

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.

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

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

	2000
	£
Operating profit is arrived at after charging:	
Directors' remuneration	111,821
Depreciation – owned assets	293
Depreciation – assets held under finance leases	16,729
Amortisation of goodwill	19,426
Auditors' remuneration	1,603
Operating leases – property rental	10,907
and after crediting:	
Profit on disposal of fixed asset	902

NOTES TO THE ACCOUNTS

4 DIRECTORS' REMUNERATION

	2000
	£
Emoluments	103,681
Contributions to defined contribution pension scheme	8,140
	<u>111,821</u>

Two 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

	2000
Management and office	<u>9</u>

The aggregate payroll costs of these persons were as follows:

	2000
	£
Wages and salaries	180,026
Social security costs	18,550
PPP / PHI	2,395
Other pension costs	11,100
	<u>212,071</u>

6 NET INTEREST RECEIVABLE

	2000
	£
Finance lease interest payable	(2,902)
Bank interest receivable	13,847
	<u>10,945</u>

NOTES TO THE ACCOUNTS

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000
Current taxation	£
UK Corporation tax at 27.2%	33,591
Transfer to deferred taxation	3,722
	<u>37,313</u>

8 INTANGIBLE FIXED ASSETS

	Goodwill
	£
Cost	
Additions	466,104
At 30 April 2000	<u>466,104</u>
Amortisation	
Charge for the period	19,426
At 30 April 2000	<u>19,426</u>
Net book value	
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 based on turnover achieved from the acquired business in the periods to 14 June 2002. The directors have made an estimate of the contingent consideration in the sum of £200,000. 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				
Additions	49,700	10,919	62,238	122,857
Disposals	(7,700)	-	-	(7,700)
At 30 April 2000	<u>42,000</u>	<u>10,919</u>	<u>62,238</u>	<u>115,157</u>
Depreciation				
Charge for the year	11,122	812	5,088	17,022
Disposals	(2,567)	-	-	(2,567)
At 30 April 2000	<u>8,555</u>	<u>812</u>	<u>5,088</u>	<u>14,455</u>
Net book values				
At 30 April 2000	<u>33,445</u>	<u>10,107</u>	<u>57,150</u>	<u>100,702</u>

The net book amounts of tangible fixed assets held under lease agreements total £96,946.

10 DEBTORS

	2000 £
Trade debtors	617,109
Prepayments	6,186
Other debtors	2,542
	<u>625,837</u>

11 CASH AT BANK AND IN HAND

	2000 £
On Insurance broking account	398,017
Other bank accounts and cash	81,767
	<u>479,784</u>

NOTES TO THE ACCOUNTS

12 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	2000
	£
Obligations under finance leases	29,218
Trade creditors	885,419
Sundry creditors	6,558
Amounts owed to related	1,003
Amounts owed to parent	219,074
Corporation tax	33,591
Other taxes and social security	16,659
Accruals and deferred income	10,979
Obligations under acquisition agreement	105,933
	<u>1,308,434</u>

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

	2000
	£
Obligations under finance leases	62,937
Acquisition of company-deferred consideration	194,067
	<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

Obligations under finance leases	2000
	£
Within 1-2 years	29,218
Within 2-5 years	33,719
	<u>62,937</u>
Deferred consideration	2000
	£
Within 1-2 years	97,033
Within 2-5 years	97,034
	<u>194,067</u>

NOTES TO THE ACCOUNTS

14 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation	2000 £
Transfer from profit and loss account	3,722
At 30 April 2000	<u>3,722</u>
Analysed as	2000 £
Re capital allowances	4,016
Re other timing differences	(294)
	<u>3,722</u>

There is no unprovided deferred taxation.

15 CALLED UP SHARE CAPITAL

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

1,000 £1 shares were issued for cash during the period to provide the initial capital of the company.

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital	Profit and loss account	Total
	£	£	£
Issue of equity shares	1,000	-	1,000
Profit for the financial year	-	82,841	82,841
Net addition to shareholders' funds	<u>1,000</u>	<u>82,841</u>	<u>83,841</u>
Closing shareholders' funds	<u>1,000</u>	<u>82,841</u>	<u>83,841</u>

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 contributions outstanding at the year-end.

NOTES TO THE ACCOUNTS

18 RELATED PARTY TRANSACTIONS

At the balance sheet date SBP Chapman Stevens Limited was wholly owned by Simon Brooke & Partners Limited.

Simon Brooke & Partners Limited provides management support and incurs miscellaneous expenditure on behalf of the company. During the period revenue costs of £61,374 were charged from Simon Brooke & Partners Limited to the company. In addition, Simon Brooke & Partners Limited made an interest free loan to SBP Chapman Stevens Limited of £157,700 for the acquisition detailed in note 8. At 30 April 2000 the company owed Simon Brooke & Partners Limited £219,074.

The partnership of Solomon Hare has a 45% holding in Simon Brooke & Partners 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 £10,499 were charged from Solomon Hare to the company. At 30 April 2000 the company owed Solomon Hare £1,003.

19 POST BALANCE SHEET EVENTS

On 15 June 2000 SBP Group Limited was incorporated. SBP Group Limited acquired the share capital of Simon Brooke & Partners Limited by way of a share for share exchange and acquired the entire share capital of SBP Chapman Stevens Limited from Simon Brooke & Partners Limited.

20 COMMITMENTS UNDER OPERATING LEASES

At 30 April 2000 the firm had annual commitments under non-cancellable operating leases as follows

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