

**FAIRFIELD INSURANCE SERVICES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR**  
**31ST JANUARY 2002**

**Company Registration Number 3861384**



**ROBSON TAYLOR**  
Chartered Accountants & Registered Auditors  
1 Abacus House  
Newlands Road  
Corsham  
Wiltshire

# **FAIRFIELD INSURANCE SERVICES LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31ST JANUARY 2002**

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# **FAIRFIELD INSURANCE SERVICES LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **The board of directors**

R A Askin  
M R Aldous  
P P Nash

### **Company secretary**

M R Aldous

### **Registered office**

14 St James Parade  
Bath  
BA1 1UL

### **Auditors**

Robson Taylor  
Chartered Accountants  
& Registered Auditors  
1 Abacus House  
Newlands Road  
Corsham  
Wiltshire

### **Bankers**

National Westminster Bank Plc  
15 High Street  
Bath BA1 5AH

# **FAIRFIELD INSURANCE SERVICES LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31ST JANUARY 2002**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st January 2002.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company was incorporated on the 19th October 1999 and on 17th December 1999 the company purchased, as a going concern, the assets and liabilities of Fairfield Insurance, a partnership. The consideration for this acquisition was £800,000.

The principal activity of the company during the period was that of insurance consultancy.

Both the level of business and the period end financial position were satisfactory, and the directors expect that the level of activity will be sustained for the foreseeable future.

### **RESULTS AND DIVIDENDS**

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	<b>Year to 31 January 2002</b>	<b>Period from 21 October 1999 to 31 January 2001</b>
	<b>£</b>	<b>£</b>
Dividends paid on ordinary shares	<b><u>66,000</u></b>	<b><u>9,000</u></b>

### **THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY**

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	<b>Class of share</b>	<b>At 31 January 2002</b>	<b>At 1 February 2001</b>
R A Askin	<b>Ordinary shares</b>	<b>1,000</b>	<b>1,000</b>
	<b>Preference shares</b>	<b>87,112</b>	<b>87,112</b>
M R Aldous	<b>Ordinary shares</b>	<b>1,000</b>	<b>1,000</b>
P P Nash	<b>Ordinary shares</b>	<b><u>1,000</u></b>	<b><u>1,000</u></b>

### **DIRECTORS' RESPONSIBILITIES**

Company law requires the directors 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 year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 9 to 10, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

# **FAIRFIELD INSURANCE SERVICES LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31ST JANUARY 2002**


### **AUDITORS**

A resolution to re-appoint Robson Taylor as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:  
14 St James Parade  
Bath  
BA1 1UL

Signed by order of the directors

M R ALDOUS  
Company Secretary

Approved by the directors on .....  ..... June 2002

**FAIRFIELD INSURANCE SERVICES LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS**  
**YEAR ENDED 31ST JANUARY 2002**

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 10.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS**

As described on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility 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.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st January 2002 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

1 Abacus House  
Newlands Road  
Corsham  
Wiltshire

16<sup>th</sup> June 2002

*Robson Taylor*  
ROBSON TAYLOR  
Chartered Accountants  
& Registered Auditors

# FAIRFIELD INSURANCE SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST JANUARY 2002

	Note	Year to 31 Jan 02 £	Period from 21 Oct 99 to 31 Jan 01 £
<b>TURNOVER</b>	2	1,071,142	1,061,081
<b>OPERATING COSTS:</b>			
Staff costs	3	(253,339)	(327,414)
Depreciation written off fixed assets		(54,474)	(58,279)
Exceptional items		-	(53,008)
Other operating charges		(358,966)	(343,854)
<b>OPERATING PROFIT</b>	4	404,363	278,526
(Loss)/Profit on disposal of fixed assets		(1,112)	1,125
		403,251	279,651
Interest receivable		11,150	23,279
Interest payable	6	(29,798)	(104,492)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		384,603	198,438
Tax on profit on ordinary activities	7	(95,821)	(54,302)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		288,782	144,136
Dividends	8	(66,000)	(9,000)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		222,782	135,136
Balance brought forward		135,136	-
Balance carried forward		357,918	135,136

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 9 to 18 form part of these financial statements.

# FAIRFIELD INSURANCE SERVICES LIMITED

## BALANCE SHEET

31ST JANUARY 2002

	Note	2002	2001
		£	£
<b>FIXED ASSETS</b>			
Intangible assets	9	589,120	755,001
Tangible assets	10	<u>29,570</u>	<u>29,377</u>
		618,690	784,378
<b>CURRENT ASSETS</b>			
Debtors	11	501,328	410,666
Cash at bank and in hand	12	<u>487,805</u>	<u>512,085</u>
		989,133	922,751
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(882,528)</u>	<u>(847,870)</u>
<b>NET CURRENT ASSETS</b>		106,605	74,881
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		725,295	859,259
<b>CREDITORS: Amounts falling due after more than one year</b>	14	<u>(275,763)</u>	<u>(634,011)</u>
		449,532	225,248
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	15	<u>(1,502)</u>	-
		<u>448,030</u>	<u>225,248</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	19	90,112	90,112
Profit and Loss Account		<u>357,918</u>	<u>135,136</u>
<b>SHAREHOLDERS' FUNDS (including non-equity interests)</b>	20	<u>448,030</u>	<u>225,248</u>

These financial statements were approved by the directors on the 13<sup>th</sup> June 2002, and are signed on their behalf by:

  
R A ASKIN

  
M R ALDOUS

  
P P NASH

The notes on pages 9 to 18 form part of these financial statements.



# FAIRFIELD INSURANCE SERVICES LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 31ST JANUARY 2002

	Year to 31 Jan 02 £	£	Period from 21 Oct 99 to 31 Jan 01 £	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>288,125</b>		<b>627,361</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Interest received	11,150		23,279	
Interest paid	(29,335)		(101,269)	
Interest element of hire purchase	(463)		(3,223)	
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>(18,648)</b>		<b>(81,213)</b>
<b>TAXATION</b>		<b>(54,302)</b>		<b>-</b>
<b>CAPITAL EXPENDITURE</b>				
Payments to acquire intangible fixed assets	-		(800,000)	
Payments to acquire tangible fixed assets	(24,728)		(72,068)	
Receipts from sale of fixed assets	134,830		30,536	
<b>NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE</b>		<b>110,102</b>		<b>(841,532)</b>
<b>EQUITY DIVIDENDS PAID</b>		<b>(66,000)</b>		<b>(9,000)</b>
<b>CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>		<b>259,277</b>		<b>(304,384)</b>
<b>FINANCING</b>				
Issue of equity share capital	-		3,000	
Issue of non-equity share capital	-		87,112	
Repayment of bank loans	276,104		166,326	
Capital element of hire purchase	(9,661)		10,031	
Net (outflow)/inflow from other long-term creditors	(550,000)		550,000	
<b>NET CASH (OUTFLOW)/INFLOW FROM FINANCING</b>		<b>(283,557)</b>		<b>816,469</b>
<b>(DECREASE)/INCREASE IN CASH</b>		<b>(24,280)</b>		<b>512,085</b>

The notes on pages 9 to 18 form part of these financial statements.

# FAIRFIELD INSURANCE SERVICES LIMITED

## CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST JANUARY 2002

### RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year to 31 Jan 02 £	Period from 21 Oct 99 to 31 Jan 01 £
Operating profit	404,363	278,526
Amortisation	37,651	44,999
Depreciation	16,823	13,280
Increase in debtors	(90,662)	(410,666)
(Decrease)/Increase in creditors	(80,050)	701,222
<b>Net cash inflow from operating activities</b>	<b><u>288,125</u></b>	<b><u>627,361</u></b>

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2002 £	2001 £
(Decrease)/Increase in cash in the period	(24,280)	512,085
Net cash inflow from bank loans	(276,104)	(166,326)
Cash outflow in respect of hire purchase	9,661	(10,031)
Net cash outflow/(inflow) from other long-term creditors	<u>550,000</u>	<u>(550,000)</u>
	<u>259,277</u>	<u>(214,272)</u>
<b>Change in net funds</b>	<b>259,277</b>	<b>(214,272)</b>
<b>Net debt at 1st February 2001</b>	<b>(214,272)</b>	<b>-</b>
<b>Net funds at 31st January 2002</b>	<b><u>45,005</u></b>	<b><u>(214,272)</u></b>

### ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Feb 2001 £	Cash flows £	At 31 Jan 2002 £
Net cash:			
Cash in hand and at bank	<u>512,085</u>	<u>(24,280)</u>	<u>487,805</u>
Debt:			
Debt due within 1 year	(86,779)	(79,888)	(166,667)
Debt due after 1 year	(629,547)	353,784	(275,763)
Hire purchase agreements	<u>(10,031)</u>	<u>9,661</u>	<u>(370)</u>
	<u>(726,357)</u>	<u>283,557</u>	<u>(442,800)</u>
<b>Net funds</b>	<b><u>(214,272)</u></b>	<b><u>259,277</u></b>	<b><u>45,005</u></b>

The notes on pages 9 to 18 form part of these financial statements.

# **FAIRFIELD INSURANCE SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST JANUARY 2002**

### **1. ACCOUNTING POLICIES**

#### **(a) Basis of accounting**

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

#### **(b) Revenue and expense recognition**

##### **(i) Turnover**

Turnover represents brokerage and fees which are (mainly) taken to credit when debit or fee notes are issued irrespective of the inception date or period of insurance.

Alterations in brokerage arising from return and additional premiums and adjustments are taken into account as and when these occur.

##### **(ii) Expenses**

Costs are written off as incurred, except for costs of servicing claims on long-term business where provision is made for future expenses when brokerage is brought to account.

#### **(c) Goodwill**

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets acquired. Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful life.

#### **(d) Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 5% straight line

#### **(e) Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office Equipment - 15% reducing balance

Motor Vehicles - 25% reducing balance

Computer Equipment - 33.3% straight line

#### **(f) Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

#### **(g) Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

# FAIRFIELD INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2002

### 1. ACCOUNTING POLICIES *(continued)*

#### (h) Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

There has been a change in the accounting policy to comply with Deferred Taxation FRS 19.

FRS 19 Deferred Taxation was issued on 7 December 2000 and is mandatory for years ending on or after 23 January 2002.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

Provision is made on revaluation gains and losses only if, by the balance sheet date, the company has entered into a binding agreement to sell the asset and has revalued the asset to the selling price;

Provision is made for taxable gains arising on revaluations or sales of assets only if it is more likely than not that the gain will not be rolled over into a replacement asset.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### (i) Insurance debtors and creditors

In the normal course of business, settlement is required to be made with insurance intermediaries on the basis of the net settlement due to or from the intermediary in question, rather than the amounts due to or from the individual parties which it represents. Insurance debtors and creditors reflect this basis of settlement.

### 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	Year to 31 Jan 02 £	Period from 21 Oct 99 to 31 Jan 01 £
United Kingdom	<u>1,071,142</u>	<u>1,061,081</u>

# FAIRFIELD INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2002

### 3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	Year to 31 Jan 02	Period from 21 Oct 99 to 31 Jan 01
	No.	No.
Number of administrative staff	13	16
Number of management staff	3	3
	<u>16</u>	<u>19</u>

The aggregate payroll costs of the above were:

	Year to 31 Jan 02	Period from 21 Oct 99 to 31 Jan 01
	£	£
Wages and salaries	233,661	302,158
Social security costs	19,288	24,830
Other pension costs	390	426
	<u>253,339</u>	<u>327,414</u>

### 4. OPERATING PROFIT

Operating profit is stated after charging:

	Year to 31 Jan 02	Period from 21 Oct 99 to 31 Jan 01
	£	£
Amortisation	37,651	44,999
Depreciation	16,823	13,280
Auditors' remuneration		
- as auditors	8,813	5,158
- accountancy	15,414	4,815
Operating lease costs:		
Plant and equipment	3,132	2,595
Exceptional item - Legal fees	-	53,008
	<u>-</u>	<u>53,008</u>

The exceptional item in the accounts relates to legal fees incurred by the company in relation to the Management Buy-out of Fairfield Insurance Services.

### 5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	Year to 31 Jan 02	Period from 21 Oct 99 to 31 Jan 01
	£	£
Emoluments receivable	<u>77,423</u>	<u>116,235</u>

# FAIRFIELD INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2002

### 6. INTEREST PAYABLE

	Year to 31 Jan 02 £	Period from 21 Oct 99 to 31 Jan 01 £
Interest payable on bank borrowing	7,539	19,936
Finance charges	463	3,223
Other similar charges payable	21,796	81,333
	<u>29,798</u>	<u>104,492</u>

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year to 31 Jan 02 £	Period from 21 Oct 99 to 31 Jan 01 £
Corporation Tax based on the results for the year at 30% (2001 - 20%)	94,319	54,302
Increase in deferred tax provision (Note 15):		
Capital allowances	1,502	-
	<u>95,821</u>	<u>54,302</u>

Factors affecting the tax charge for the year  
Profit on ordinary activities before taxation  
multiplied by standard rate of UK corporation  
tax of 23.25% (2001 18.92%)

Effects of:

Non deductible expenses

Depreciation

Net loss/(profit) on disposal

Interest received

Capital allowances

Current tax charge

### 8. DIVIDENDS

The following dividends have been paid in respect of the year:

	Year to 31 Jan 02 £	Period from 21 Oct 99 to 31 Jan 01 £
Dividend paid on ordinary shares	<u>66,000</u>	<u>9,000</u>

# FAIRFIELD INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2002

### 9. INTANGIBLE FIXED ASSETS

	Goodwill £
<b>COST</b>	
At 1st February 2001	800,000
Disposals	<u>(128,230)</u>
<b>At 31st January 2002</b>	<u><b>671,770</b></u>
<b>AMORTISATION</b>	
At 1st February 2001	44,999
Charge for the year	<u>37,651</u>
<b>At 31st January 2002</b>	<u><b>82,650</b></u>
<b>NET BOOK VALUE</b>	
<b>At 31st January 2002</b>	<u><b>589,120</b></u>
At 31st January 2001	<u>755,001</u>

The exceptional item of £128,230 relates to the restatement of purchased goodwill following final settlement of the monies due under the purchase agreement.

### 10. TANGIBLE FIXED ASSETS

	Office Equipment £	Motor Vehicles £	Computer Equipment £	Total £
<b>COST</b>				
At 1st February 2001	5,743	16,351	20,563	42,657
Additions	-	-	24,728	24,728
Disposals	-	<u>(10,730)</u>	-	<u>(10,730)</u>
<b>At 31st January 2002</b>	<u><b>5,743</b></u>	<u><b>5,621</b></u>	<u><b>45,291</b></u>	<u><b>56,655</b></u>
<b>DEPRECIATION</b>				
At 1st February 2001	971	4,598	7,711	13,280
Charge for the year	716	1,010	15,097	16,823
On disposals	-	<u>(3,018)</u>	-	<u>(3,018)</u>
<b>At 31st January 2002</b>	<u><b>1,687</b></u>	<u><b>2,590</b></u>	<u><b>22,808</b></u>	<u><b>27,085</b></u>
<b>NET BOOK VALUE</b>				
<b>At 31st January 2002</b>	<u><b>4,056</b></u>	<u><b>3,031</b></u>	<u><b>22,483</b></u>	<u><b>29,570</b></u>
At 31st January 2001	<u>4,772</u>	<u>11,753</u>	<u>12,852</u>	<u>29,377</u>

#### Hire purchase agreements

Included within the net book value of £29,570 is £3,031 (2001 - £11,753) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £2,590 (2001 - £4,598).

# FAIRFIELD INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2002

### 11. DEBTORS

	2002	2001
	£	£
Trade debtors	477,663	365,151
Other debtors	-	6,066
Prepayments and accrued income	23,665	39,449
	<u>501,328</u>	<u>410,666</u>

The debtors above include the following amounts falling due after more than one year:

	2002	2001
	£	£
Other debtors	-	6,066

### 12. CASH AT BANK AND IN HAND

	2002	2001
	£	£
Business reserve account	31	65,462
Client business reserve account	198,759	227,483
Office current account	223,516	170,238
Clients business account	65,433	48,774
Petty cash	66	128
	<u>487,805</u>	<u>512,085</u>

### 13. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Bank loans and overdrafts	166,667	86,779
Trade creditors	13,716	2,474
Other creditors including taxation and social security:		
Corporation Tax	94,319	54,302
PAYE and social security	5,419	5,580
Hire purchase agreements	370	5,567
Insurance company creditors	576,693	529,029
Other creditors	-	127,482
Directors current accounts	4,000	3,607
	<u>680,801</u>	<u>725,567</u>
Accruals and deferred income	21,344	33,050
	<u>882,528</u>	<u>847,870</u>



# FAIRFIELD INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2002

### 14. CREDITORS: Amounts falling due after more than one year

	2002	2001
	£	£
Bank loans and overdrafts	275,763	79,547
Other creditors including:		
Hire purchase agreements	-	4,464
Other creditors	-	550,000
	-	554,464
	<u>275,763</u>	<u>634,011</u>

The bank borrowings are secured by a mortgage debenture incorporating a fixed and floating charge over all current and future assets of the company and an informal deposit of a life policy for £500,000 on the lives of R A Askin, M R Aldous and P P Nash.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2002	2001
	£	£
Other creditors including taxation and social security	-	220,000

### 15. DEFERRED TAXATION

	Year to 31 Jan 02 £	Period from 21 Oct 99 to 31 Jan 01 £
The movement in the deferred taxation provision during the year was:		
Provision for year	1,502	-
Provision carried forward	<u>1,502</u>	<u>-</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	Year to 31 Jan 02 £	Period from 21 Oct 99 to 31 Jan 01 £
Excess of taxation allowances over depreciation on fixed assets	<u>1,502</u>	<u>-</u>

# FAIRFIELD INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2002

### 16. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2002	2001
	£	£
Amounts payable within 1 year	370	5,567
Amounts payable between 1 and 2 years	-	3,739
Amounts payable between 3 and 5 years	-	725
	<u>370</u>	<u>10,031</u>

### 17. COMMITMENTS UNDER OPERATING LEASES

At 31st January 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2002	2001
	£	£
Operating leases which expire:		
After more than 5 years	<u>25,000</u>	<u>25,000</u>

### 18. RELATED PARTY TRANSACTIONS

On 17th December 1999 the company purchased as a going concern, the assets and liabilities of Fairfield Insurance a partnership. R Askin is a Director and Shareholder of this company. The consideration for this acquisition was £800,000.

R A Askin, M R Aldous and P P Nash have given personal unlimited guarantees in respect of the insurance company creditor.

R A Askin, M R Aldous and P P Nash have given personal guarantees in respect of the bank borrowings to the sum of £250,000 which are supported by second legal mortgages over their personal properties.

# FAIRFIELD INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2002

### 19. SHARE CAPITAL

#### Authorised share capital:

	2002	2001
	£	£
3,000 Ordinary shares of £1.00 each	3,000	3,000
87,112 Preference shares of £1.00 each	87,112	87,112
	<u>90,112</u>	<u>90,112</u>

#### Allotted, called up and fully paid:

	2002		2001	
	No.	£	No.	£
Ordinary shares	3,000	3,000	3,000	3,000
Preference shares	87,112	87,112	87,112	87,112
	<u>90,112</u>	<u>90,112</u>	<u>90,112</u>	<u>90,112</u>

The Preference Shares shall not confer any entitlement to participate in distributions of income or profits or to receive any assets of the Company, except on a winding up or other return of capital.

The Preference Shares shall entitle the holders thereof, on a winding up or other return of capital, in priority to any return of capital on any other class of shares, to repayment of the capital paid up or credited as paid up on each share.

The Preference Shares shall not entitle the holders to receive notice of or to attend or vote at any general meetings of the Company unless the business of the meeting includes the consideration of a resolution for winding up the Company or for a reduction in the capital or any resolution directly or adversely modifying or abrogating any of the special rights or privileges attached to the preference shares.

Subject to the provisions of part V, chapter VII of the Companies Act 1985, the Preference Shares may be redeemed at par at any time in whole or in part at the option of the Company but in any event not later than 14 April 2008.

The Preference Shares shall not confer on the holders thereof any further rights to participate in the profits or assets of the Company or to vote

### 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

#### EQUITY SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the financial year	288,782	144,136
Dividends	(66,000)	(9,000)
	<u>222,782</u>	<u>135,136</u>
New equity share capital subscribed	-	3,000
	<u>222,782</u>	<u>138,136</u>
Opening shareholders' equity funds	138,136	-
Closing shareholders' equity funds	<u>360,918</u>	<u>138,136</u>

# FAIRFIELD INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2002

### 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS *(continued)*

#### NON-EQUITY SHAREHOLDERS' FUNDS

Opening shareholders' non-equity funds	87,112	-
New non-equity share capital subscribed	-	87,112
Closing shareholders' non-equity funds	<u>87,112</u>	<u>87,112</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b><u>448,030</u></b>	<b><u>225,248</u></b>