

CQ COMMERCIAL LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2000



CQ COMMERCIAL LIMITED

COMPANY INFORMATION

Directors	P R Catterall	(Appointed 18 July 2000)
	M J Wills	(Appointed 18 July 2000)

Secretary	M J Wills
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Company number	04028670
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Registered office	18 Bolton Street Bury Lancashire BL9 0LQ
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Auditors	Pierce 3-6 Richmond Terrace Blackburn Lancashire BB1 7AU
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Business address	Wira Business Park West Park Ring Road Leeds LS16 6EB
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Bankers	National Westminster Bank plc 35 King William Street Blackburn Lancashire BB1 7DL
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CQ COMMERCIAL LIMITED

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CQ COMMERCIAL LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2000

The directors present their report and financial statements for the period ended 31 December 2000.

Principal activities and review of the business

The company was incorporated on 7 July 2000 as Croftblack Associates Limited and the name was changed to CQ Commercial Limited by special resolution on 18 July 2000.

The principal activity of the company is the provision of insurance services.

On 20 July 2000, the company purchased an insurance broking business from a limited company, further details are provided in note 14 to the accounts.

The results for the period and the financial position at the period end were considered satisfactory by the directors, who view the future with confidence.

Results and dividends

The results for the period are set out on page 4.

The directors do not recommend the payment of a dividend.

Directors

The following directors have held office since 7 July 2000:

P R Catterall	(Appointed 18 July 2000)
M J Wills	(Appointed 18 July 2000)
Company Directors Limited	(Appointed 7 July 2000 and resigned 18 July 2000)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2000	7 July 2000
P R Catterall	-	-
M J Wills	-	-

The company is a wholly owned subsidiary of CQ Group plc. The directors' interest in the share capital of the holding company are shown in the directors' report of that company.

Auditors

Pierce were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

CQ COMMERCIAL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2000

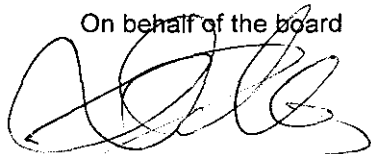
Directors' responsibilities

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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. They 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.

On behalf of the board



M J Wills

Director

26 March 2001

CQ COMMERCIAL LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF CQ COMMERCIAL LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 31 December 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Pierce

26 March 2001

Chartered Accountants
Registered Auditor

3-6 Richmond Terrace
Blackburn
Lancashire
BB1 7AU

CQ COMMERCIAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2000

		Period ended 31 December 2000 £
	Notes	
Turnover	2	273,138
Administrative expenses		(208,602)
Profit on ordinary activities before taxation	3	64,536
Tax on profit on ordinary activities	4	(4,973)
Profit on ordinary activities after taxation	12	59,563

The profit and loss account has been prepared on the basis that all operations are continuing operations.


There are no recognised gains and losses other than those passing through the profit and loss account.

CQ COMMERCIAL LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2000

	Notes	2000 £	£
Fixed assets			
Intangible assets	5		66,331
Tangible assets	6		42,095
			<u>108,426</u>
Current assets			
Debtors	7	257,349	
Cash at bank and in hand		117,186	
		<u>374,535</u>	
Creditors: amounts falling due within one year	8	(423,397)	
		<u></u>	
Net current liabilities			(48,862)
Total assets less current liabilities			<u>59,564</u>
Capital and reserves			
Called up share capital	11		1
Profit and loss account	12		59,563
			<u></u>
Shareholders' funds - equity interests	13		<u>59,564</u>

The financial statements were approved by the Board on 26 March 2001



P R Catterall
Director

CQ COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer Equipment	25% straight line
Fixtures & Fittings	15% straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the period in accordance with SSAP 24.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit 2000 £

Operating profit is stated after charging:

Amortisation of intangible assets	2,571
Depreciation of tangible assets	3,234
Operating lease rentals	6,333
Auditors' remuneration	1,175

4 Taxation 2000 £

U.K. current year taxation

U.K. corporation tax at 20%	4,973
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CQ COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2000

5 Intangible fixed assets

	Goodwill £
Cost	
At 7 July 2000	-
Additions	68,902
At 31 December 2000	<u>68,902</u>
Amortisation	
At 7 July 2000	-
Charge for period	2,571
At 31 December 2000	<u>2,571</u>
Net book value	
At 31 December 2000	<u><u>66,331</u></u>

6 Tangible fixed assets

	Computer Equipment £	Fixtures & Fittings £	Total £
Cost			
At 7 July 2000	-	-	-
Additions	12,700	32,629	45,329
At 31 December 2000	<u>12,700</u>	<u>32,629</u>	<u>45,329</u>
Depreciation			
At 7 July 2000	-	-	-
Charge for the period	1,058	2,176	3,234
At 31 December 2000	<u>1,058</u>	<u>2,176</u>	<u>3,234</u>
Net book value			
At 31 December 2000	<u><u>11,642</u></u>	<u><u>30,453</u></u>	<u><u>42,095</u></u>

7 Debtors

	2000 £
Trade debtors	249,180
Amounts owed by parent and fellow subsidiary undertakings	6,823
Other debtors	1,346
	<u><u>257,349</u></u>

CQ COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2000

8	Creditors: amounts falling due within one year	2000
		£
	Bank loans and overdrafts	55,107
	Trade creditors	271,318
	Amounts owed to parent and fellow subsidiary undertakings	15,381
	Corporation tax	4,973
	Other taxes and social security costs	8,394
	Other creditors	59,492
	Accruals and deferred income	8,732
		<u>423,397</u>

9 Provisions for liabilities and charges

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

	Not provided	Provided
	2000	2000
	£	£
Accelerated capital allowances	<u>2,980</u>	<u>-</u>

10 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,032. There were no contributions payable to the fund at the period end.

11	Share capital	2000
		£
	Authorised	
	1,000 Ordinary shares of £ 1 each	<u>1,000</u>
	Allotted, called up and fully paid	
	1 Ordinary shares of £ 1 each	<u>1</u>

During the period 1 ordinary share of £1 was allotted and fully paid at par for cash consideration.

CQ COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2000

12 Statement of movements on profit and loss account

Profit and
loss account
£

Retained profit for the period	59,563
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13 Reconciliation of movements in shareholders' funds

2000
£

Profit for the financial period	59,563
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Proceeds from issue of shares	1
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Net addition to shareholders' funds	59,564
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Opening shareholders' funds	-
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Closing shareholders' funds	59,564
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14 Acquisition of business and contingent liabilities

On 20 July 2000, the company acquired an insurance broking business from a limited company for a consideration dependent on the level of brokerage renewed. The directors estimate of the consideration due at 31 December 2000 is included within the capitalised goodwill of £68,902 (note 5).

The directors are unable to make an estimate of the amount of any further purchase consideration which may be payable, because of the contingencies involved.

The turnover and the profit for the period are attributable to the acquired business.

15 Financial commitments

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

2000
£

Expiry date:

Within one year	7,796
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CQ COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2000

16 Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	2000 Number
Management and Administration	13

Employment costs

	£
Wages and salaries	117,407
Other pension costs	9,033
	126,440

17 Control

The ultimate parent company is CQ Group plc, a company registered in England and Wales.

The company is under the control of PR Catterall, director, who together with close family members owns 100% of the issued share capital of CQ Group plc.

18 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions and balances with group companies on the grounds that publicly available consolidated financial statements are prepared by the ultimate parent company.

In the opinion of the directors there are no other material transactions with related parties which require disclosure under FRS 8.