

Company Registration No. 4998813 (England and Wales)

**LUCAS FETTES & PARTNERS (LONDON) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2006**



# **LUCAS FETTES & PARTNERS (LONDON) LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	R A G Lucas R J Heighton D Lee
<b>Secretary</b>	M R Brown
<b>Company number</b>	4998813
<b>Registered office</b>	22 Rathbone Street London W1T 1LA
<b>Auditors</b>	Rushton Osborne & Co Ringley Park House 59 Reigate Road Reigate, Surrey RH2 0QJ

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# LUCAS FETTES & PARTNERS (LONDON) LIMITED

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# LUCAS FETTES & PARTNERS (LONDON) LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006

The directors present their report and financial statements for the year ended 31 March 2006.

### Principal activities and review of the business

The principal activity of the company continued to be that of insurance brokers.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

### Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

### Directors

The following directors have held office since 1 April 2005:

R A G Lucas  
R J Heighton  
D Lee

### Directors' interests

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

	Ordinary shares of £ 1 each	
	31 March 2006	1 April 2005
R A G Lucas	-	-
R J Heighton	-	-
D Lee	6,250	-

The directors' interests in the shares of Lucas Fettes plc, the ultimate parent company, were as stated below:

	Ordinary shares of £1 each	
	31/03/2006	01/04/2005
R A G Lucas	11,932	12,102
R J Heighton	11,932	12,102

D Lee has an option to acquire 100 £1 ordinary shares in Lucas Fettes plc from the Lucas Fettes and Partners Employees' Benefit Trust for an exercise price of £160 per share. This option is exercisable between 1 June 2008 and 1 June 2012 or earlier if there is a sale or flotation.

At 31st March 2006, all of the directors are regarded as having an interest in 4,820 £1 ordinary shares of Lucas Fettes plc which were held by the trustees of the group's employee benefit trust (2005 4,092).

The directors' interests in the shares of Lucas Fettes and Partners (Financial Services) Limited, a fellow subsidiary, were as stated below:

	'B' Ordinary shares of £1 each	
	31/03/2006	01/04/2005
R A G Lucas	13	13
R J Heighton	13	13

# LUCAS FETTES & PARTNERS (LONDON) LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

The directors' interests in the shares of Lucas Fettes & Partners (Southern) Limited, a fellow subsidiary, were as stated below:

	'A' Ordinary shares of £1 each	
	31/03/2006	01/04/2005
R A G Lucas	25	25
R J Heighton	25	25

The directors' interests in the shares of Lucas Fettes & Partners (Northern) Limited, a fellow subsidiary, were as stated below:

	'B' Ordinary shares of £1 each	
	31/03/2006	01/04/2005
R A G Lucas	-	-
R J Heighton	-	-
D Lee	1,250	1,250

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Rushton Osborne & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

### Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 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.

### Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

R A G Lucas

Director

5 January 2007

# **LUCAS FETTES & PARTNERS (LONDON) LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF LUCAS FETTES & PARTNERS (LONDON) LIMITED**

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We have audited the financial statements of Lucas Fettes & Partners (London) Limited for the year ended 31 March 2006, which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the directors and auditors**

As described in the Statement of Directors' Responsibilities 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 or 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

# **LUCAS FETTES & PARTNERS (LONDON) LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF LUCAS FETTES & PARTNERS (LONDON) LIMITED**

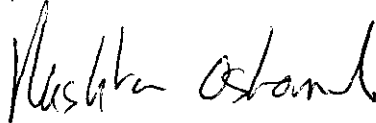
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### **Opinion**

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended ;
- the information given in the directors' report is consistent with the financial statements; and
- have been properly prepared in accordance with the Companies Act 1985.

**Rushton Osborne & Co**



5 January 2007

Chartered Accountants

**Registered Auditor**

Ringley Park House  
59 Reigate Road  
Reigate, Surrey  
RH2 0QJ

# LUCAS FETTES & PARTNERS (LONDON) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006 £	2005 £
Commissions receivable	2	251,576	270,155
Commissions payable		(75,000)	(75,979)
<b>Net Commissions</b>		176,576	194,176
Administrative expenses		(166,998)	(176,929)
<b>Operating profit</b>	3	9,578	17,247
Other interest receivable and similar income	4	-	564
Interest payable and similar charges	5	(266)	-
<b>Profit on ordinary activities before taxation</b>		9,312	17,811
Tax on profit on ordinary activities	6	(3,189)	(4,772)
<b>Profit on ordinary activities after taxation</b>	14	6,123	13,039

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.



# LUCAS FETTES & PARTNERS (LONDON) LIMITED

## BALANCE SHEET AS AT 31 MARCH 2006

	Notes	2006 £	£	2005 £	£
<b>Fixed assets</b>					
Tangible assets	7		760		-
<b>Current assets</b>					
Debtors	8	774,719		865,484	
Cash at bank and in hand		129,883		540,325	
		904,602		1,405,809	
<b>Creditors: amounts falling due within one year</b>	10	(834,426)		(1,341,025)	
<b>Net current assets</b>			70,176		64,784
<b>Total assets less current liabilities</b>			70,936		64,784
<b>Provisions for liabilities</b>	11		(29)		-
			70,907		64,784
<b>Capital and reserves</b>					
Called up share capital	13	50,000		50,000	
Profit and loss account	14	20,907		14,784	
<b>Shareholders' funds</b>	15	70,907		64,784	

Approved by the Board and authorised for issue on 5 January 2007

  
R A G Lucas  
Director

# LUCAS FETTES & PARTNERS (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 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:

Fixtures, fittings & equipment	25% straight line basis
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#### 1.3 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.4 Deferred taxation

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 tax in future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results stated in the financial statements.

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

### 2 Commissions receivable

This represents insurance commissions receivable during the year and interest earned on premiums received. Commission income is recognised at inception point of the policy with an appropriate deferral made in lieu of post inception contractual placement services and for other post placement activities during the period of the policy.

### 3 Operating profit

	2006	2005
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	253	-
Auditors' remuneration	1,763	2,938
	<u>          </u>	<u>          </u>

### 4 Investment income

	2006	2005
	£	£
Other interest	-	564
	<u>          </u>	<u>          </u>

# LUCAS FETTES & PARTNERS (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

5	Interest payable	2006 £	2005 £
	On bank loans and overdrafts	26	-
	On overdue tax	(6)	-
	Other interest	246	-
		<u>266</u>	<u>-</u>
6	Taxation	2006 £	2005 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	3,161	4,772
	<b>Current tax charge</b>	<u>3,161</u>	<u>4,772</u>
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	150	-
	Deferred tax adjust re previous year	(122)	-
		<u>28</u>	<u>-</u>
		<u>3,189</u>	<u>4,772</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	9,312	17,811
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2005 - 19.00%)	<u>1,769</u>	<u>3,384</u>
	<b>Effects of:</b>		
	Non deductible expenses	1,542	1,267
	Other tax adjustments	(150)	121
		<u>1,392</u>	<u>1,388</u>
	<b>Current tax charge</b>	<u>3,161</u>	<u>4,772</u>

# LUCAS FETTES & PARTNERS (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 7 Tangible fixed assets

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 1 April 2005	-
Additions	1,013
	<hr/>
At 31 March 2006	1,013
	<hr/>
<b>Depreciation</b>	
At 1 April 2005	-
Charge for the year	253
	<hr/>
At 31 March 2006	253
	<hr/>
<b>Net book value</b>	
At 31 March 2006	760
	<hr/> <hr/>

### 8 Debtors

	2006 £	2005 £
Trade debtors	680,424	750,663
Amounts owed by parent and fellow subsidiary undertakings	51,302	69,019
Prepayments and accrued income	42,993	45,802
	<hr/>	<hr/>
	774,719	865,484
	<hr/> <hr/>	<hr/> <hr/>

### 9 Cash at bank

Cash at bank includes £128,739 (2005 - £538,624) held under a 'non-statutory' trust, in accordance with FSA rules. Lucas Fettes & Partners Limited, a fellow subsidiary, is the FSA authorised company holding the account with Lucas Fettes & Partners (London) Limited being an Appointed Representative.

# LUCAS FETTES & PARTNERS (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

10 Creditors: amounts falling due within one year	2006 £	2005 £
Trade creditors	754,067	1,210,444
Corporation tax	3,161	4,772
Other creditors	55,096	78,843
Accruals and deferred income	22,102	46,966
	<u>834,426</u>	<u>1,341,025</u>

### 11 Provisions for liabilities and charges

	Deferred tax liability £
Profit and loss account	29
Balance at 31 March 2006	<u>29</u>

The deferred tax liability is made up as follows:

	2006 £	2005 £
Accelerated capital allowances	<u>29</u>	<u>-</u>

### 12 Pension costs

#### Defined contribution

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.

	2006 £	2005 £
Contributions payable by the company for the year	<u>3,250</u>	<u>3,000</u>

# LUCAS FETTES & PARTNERS (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

<b>13 Share capital</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
50,000 Ordinary shares of £1 each	50,000	50,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
50,000 Ordinary shares of £1 each	50,000	50,000
	<u>          </u>	<u>          </u>
<b>14 Statement of movements on profit and loss account</b>		<b>Profit and loss account £</b>
Balance at 1 April 2005		14,784
Profit for the year		6,123
		<u>          </u>
Balance at 31 March 2006		20,907
		<u>          </u>
<b>15 Reconciliation of movements in shareholders' funds</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	6,123	13,039
Opening shareholders' funds	64,784	51,745
	<u>          </u>	<u>          </u>
Closing shareholders' funds	70,907	64,784
	<u>          </u>	<u>          </u>

# LUCAS FETTES & PARTNERS (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 16 Employees

#### **Number of employees**

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

	2006 Number	2005 Number
Sales and administration	2	2
<b>Employment costs</b>		
	£	£
Wages and salaries	100,923	118,145
Social security costs	11,886	14,238
Other pension costs	3,250	3,000
	116,059	135,383

### 17 Control

The company's immediate and ultimate holding company is Lucas Fettes Plc. Lucas Fettes Plc is also the parent undertaking of both the largest and smallest group of undertakings for which the group financial statements are drawn up and of which the company is a member. Copies of the group financial statements are available from Companies House, Crown Way, Cardiff CF4 3UZ.

### 18 Post balance sheet events

On 1st April 2006 the wholesale business within Lucas Fettes & Partners (Northern) Limited, a fellow subsidiary, was transferred to the company for the purpose of creating a single wholesale company within the group.