

Joseph W Burley and Partners Limited
Report of the Directors and
Financial Statements For The Year Ended 31 October 2003

Roddis Taylor Robinson
Chartered Accountants
Registered Auditors
275 Glossop Road
Sheffield
S10 2HB



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Joseph W Burley and Partners Limited

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For The Year Ended 31 October 2003**

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Joseph W Burley and Partners Limited

**Company Information
For The Year Ended 31 October 2003**

DIRECTORS:

P A Dallyn
M Burley
M J Mawson

SECRETARY:

Mrs E T Newton

REGISTERED OFFICE:

3rd Floor
Pegasus House
Glossop Road
Sheffield
South Yorkshire
S10 2QD

REGISTERED NUMBER:

1217536 (England and Wales)

AUDITORS:

Roddis Taylor Robinson
Chartered Accountants
Registered Auditors
275 Glossop Road
Sheffield
S10 2HB

BANKERS:

National Westminster Bank plc
42 High Street
Sheffield
S1 1QG

Joseph W Burley and Partners Limited

**Report of the Directors
For The Year Ended 31 October 2003**

The directors present their report with the financial statements of the company for the year ended 31 October 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of insurance broking.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The directors consider the results for the year to be satisfactory.

DIVIDENDS

No dividends will be distributed for the year ended 31 October 2003.

DIRECTORS

The directors during the year under review were:

P A Dallyn
M Burley
M J Mawson

The directors holding office at 31 October 2003 did not hold any beneficial interest in the issued share capital of the company at 1 November 2002 or 31 October 2003.

STATEMENT OF 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.

AUDITORS

The auditors, Roddis Taylor Robinson, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



M Burley - Director

25 August 2004

**Report of the Independent Auditors to the Shareholders of
Joseph W Burley and Partners Limited**

We have audited the financial statements of Joseph W Burley and Partners Limited for the year ended 31 October 2003 on pages four to sixteen. These financial statements have been prepared under the historical cost convention and 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 directors and auditors

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

Our responsibility is 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 Report of the Directors 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 Report of the Directors 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 31 October 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Roddis Taylor Robinson

Roddis Taylor Robinson
Chartered Accountants
Registered Auditors
275 Glossop Road
Sheffield
S10 2HB

25 August 2004

Joseph W Burley and Partners Limited

**Profit and Loss Account
For The Year Ended 31 October 2003**

		2003	2002
	Notes	£	£
TURNOVER		266,741	237,413
Administrative expenses		282,646	234,899
		(15,905)	2,514
Other operating income		21,863	-
OPERATING PROFIT	3	5,958	2,514
Interest payable and similar charges	4	5,425	3,602
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		533	(1,088)
Tax on profit/(loss) on ordinary activities	5	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		533	(1,088)
Deficit brought forward		(78,016)	(76,928)
DEFICIT CARRIED FORWARD		£(77,483)	£(78,016)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

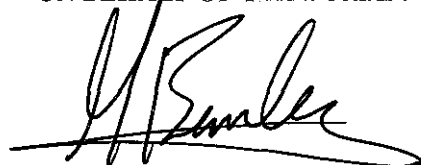
The notes form part of these financial statements

Joseph W Burley and Partners Limited

Balance Sheet
31 October 2003

		2003		2002	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		82,082		30,122
Investments	7		2		-
			<u>82,084</u>		<u>30,122</u>
CURRENT ASSETS:					
Debtors	8	77,167		56,651	
Cash at bank		5,184		12,991	
		<u>82,351</u>		<u>69,642</u>	
CREDITORS: Amounts falling due within one year	9	64,307		52,318	
		<u></u>		<u></u>	
NET CURRENT ASSETS:			18,044		17,324
TOTAL ASSETS LESS CURRENT LIABILITIES:			100,128		47,446
CREDITORS: Amounts falling due after more than one year	10		87,611		35,462
			<u>£12,517</u>		<u>£11,984</u>
CAPITAL AND RESERVES:					
Called up share capital	15		90,000		90,000
Profit and loss account			(77,483)		(78,016)
SHAREHOLDERS' FUNDS:	18		<u>£12,517</u>		<u>£11,984</u>

ON BEHALF OF THE BOARD:



M Burley - Director

Approved by the Board on 25 August 2004

The notes form part of these financial statements

Joseph W Burley and Partners Limited

Cash Flow Statement
For The Year Ended 31 October 2003

		2003		2002	
	Notes	£	£	£	£
Net cash (outflow)/inflow from operating activities	1		(15,888)		32,556
Returns on investments and servicing of finance	2		(5,425)		(3,602)
Capital expenditure and financial investment	2		(1,780)		(5,055)
			(23,093)		23,899
Financing	2		6,261		(241)
(Decrease)/Increase in cash in the period			<u>£(16,832)</u>		<u>£23,658</u>
Reconciliation of net cash flow to movement in net debt	3				
(Decrease)/Increase in cash in the period		(16,832)		23,658	
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(6,261)</u>		<u>241</u>	
Change in net debt resulting from cash flows			(23,093)		23,899
New finance leases			(66,285)		-
Movement in net debt in the period			(89,378)		23,899
Net debt at 1 November			<u>(38,641)</u>		<u>(62,540)</u>
Net debt at 31 October			<u>£(128,019)</u>		<u>£(38,641)</u>

The notes form part of these financial statements

Joseph W Burley and Partners Limited

Notes to the Cash Flow Statement
For The Year Ended 31 October 2003

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	5,958	2,514
Depreciation charges	14,791	11,391
Loss on sale of fixed assets	1,312	-
Increase in debtors	(20,516)	(1,482)
(Decrease)/Increase in creditors	(17,433)	20,133
Net cash (outflow)/inflow from operating activities	(15,888)	32,556

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest paid	(2,869)	(1,506)
Interest element of hire purchase payments	(2,556)	(2,096)
Net cash outflow for returns on investments and servicing of finance	(5,425)	(3,602)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(8,328)	(5,055)
Cash payments - investmt purch	(2)	-
Sale of tangible fixed assets	6,550	-
Net cash outflow for capital expenditure	(1,780)	(5,055)
Financing		
New loan taken out in year	29,196	10,000
Loan repayments in year	(7,906)	(3,916)
Finance lease repayments	(15,029)	(6,325)
Net cash inflow/(outflow) from financing	6,261	(241)

The notes form part of these financial statements

Joseph W Burley and Partners Limited

Notes to the Cash Flow Statement
For The Year Ended 31 October 2003

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.11.02 £	Cash flow £	Other non-cash changes £	At 31.10.03 £
Net cash:				
Cash at bank	12,991	(7,807)		5,184
Bank overdraft	-	(9,025)		(9,025)
	<u>12,991</u>	<u>(16,832)</u>		<u>(3,841)</u>
Debt:				
Hire purchase	(20,106)	15,029	(66,285)	(71,362)
Debts falling due within one year	(4,939)	4,939	(11,379)	(11,379)
Debts falling due after one year	(26,587)	(26,229)	11,379	(41,437)
	<u>(51,632)</u>	<u>(6,261)</u>	<u>(66,285)</u>	<u>(124,178)</u>
Total	<u>(38,641)</u>	<u>(23,093)</u>	<u>(66,285)</u>	<u>(128,019)</u>

Analysed in Balance Sheet

Cash at bank	12,991	5,184
Bank overdraft	-	(9,025)
Hire purchase		
within one year	(11,231)	(25,188)
after one year	(8,875)	(46,174)
Debts falling due within one year	(4,939)	(11,379)
Debts falling due after one year	(26,587)	(41,437)
	<u>(38,641)</u>	<u>(128,019)</u>

Joseph W Burley and Partners Limited

**Notes to the Financial Statements
For The Year Ended 31 October 2003**

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents the total commission earned on insurance business written during the year.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% straight line

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

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. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	2003 £	2002 £
Wages and salaries	155,808	133,042
Social security costs	18,200	13,816
Other pension costs	4,200	3,723
	<u>178,208</u>	<u>150,581</u>

The average monthly number of employees during the year was as follows:

	2003	2002
Accounts and management	<u>9</u>	<u>7</u>

Joseph W Burley and Partners Limited

**Notes to the Financial Statements
For The Year Ended 31 October 2003**

3. OPERATING PROFIT

The operating profit is stated after charging:

	2003	2002
	£	£
Hire of plant and machinery	564	564
Depreciation - owned assets	3,547	3,679
Depreciation - assets on hire purchase contracts	11,244	7,712
Loss on disposal of fixed assets	1,312	-
Auditors' remuneration	1,300	1,250
	<u> </u>	<u> </u>
Directors' emoluments	40,531	34,860
Directors' pension contributions to money purchase schemes	900	840
	<u> </u>	<u> </u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Bank interest	-	2
Bank loan interest	2,869	1,504
Hire purchase	2,556	2,096
	<u> </u>	<u> </u>
	5,425	3,602
	<u> </u>	<u> </u>

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 October 2003 nor for the year ended 31 October 2002.

Joseph W Burley and Partners Limited

Notes to the Financial Statements
For The Year Ended 31 October 2003

6. TANGIBLE FIXED ASSETS

	Fixtures and fittings	Motor vehicles	Computer equipment	Totals
	£	£	£	£
COST:				
At 1 November 2002	4,624	35,042	8,334	48,000
Additions	3,278	71,335	-	74,613
Disposals	-	(16,771)	-	(16,771)
At 31 October 2003	7,902	89,606	8,334	105,842
DEPRECIATION:				
At 1 November 2002	1,919	11,904	4,055	17,878
Charge for year	769	11,244	2,778	14,791
Eliminated on disposals	-	(8,909)	-	(8,909)
At 31 October 2003	2,688	14,239	6,833	23,760
NET BOOK VALUE:				
At 31 October 2003	5,214	75,367	1,501	82,082
At 31 October 2002	2,705	23,138	4,279	30,122

The net book value of tangible fixed assets includes £75,367 (2002 - £23,138) in respect of assets held under hire purchase contracts.

7. FIXED ASSET INVESTMENTS

			£
COST:			
Additions			2
At 31 October 2003			2
NET BOOK VALUE:			
At 31 October 2003			2
		2003	2002
		£	£
Unlisted investments		2	-

Joseph W Burley and Partners Limited

**Notes to the Financial Statements
For The Year Ended 31 October 2003**

7. FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

North Church Financial Services Limited

Nature of business: Financial services

Class of shares:	%
Ordinary	holding 50.00

	30.9.02
	£
Aggregate capital and reserves	9,504
Profit for the period/year	9,500
	<u> </u>

**8. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2003	2002
	£	£
Insurance debtors	28,565	21,908
Other debtors	40,658	26,799
Corporation tax	7,944	7,944
	<u>77,167</u>	<u>56,651</u>

**9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2003	2002
	£	£
Bank loans and overdrafts (see note 11)	20,404	4,939
Hire purchase contracts (see note 12)	25,188	11,231
Other creditors	4,544	-
Social security & other taxes	4,874	4,290
Accrued expenses	9,297	31,858
	<u>64,307</u>	<u>52,318</u>

**10. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	2003	2002
	£	£
Bank loans (see note 11)	41,437	26,587
Hire purchase contracts (see note 12)	46,174	8,875
	<u>87,611</u>	<u>35,462</u>

Joseph W Burley and Partners Limited

**Notes to the Financial Statements
For The Year Ended 31 October 2003**

11. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	2003 £	2002 £
Amounts falling due within one year or on demand:		
Bank overdrafts	9,025	-
Bank loans	11,379	4,939
	<u>20,404</u>	<u>4,939</u>
Amounts falling due between one and two years:		
Bank loans	<u>12,101</u>	<u>5,178</u>
Amounts falling due between two and five years:		
Bank loans	<u>29,336</u>	<u>17,860</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>-</u>	<u>3,549</u>

The company's bank loan is repayable by equal monthly instalments and bears interest at 1% above bank base rate.

Joseph W Burley and Partners Limited

Notes to the Financial Statements
For The Year Ended 31 October 2003

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2003	2002
	£	£
Gross obligations repayable:		
Within one year	29,733	13,015
Between one and five years	54,625	9,873
	<u>84,358</u>	<u>22,888</u>
Finance charges repayable:		
Within one year	4,545	1,784
Between one and five years	8,451	998
	<u>12,996</u>	<u>2,782</u>
Net obligations repayable:		
Within one year	25,188	11,231
Between one and five years	46,174	8,875
	<u>71,362</u>	<u>20,106</u>

The following payments are committed to be paid within one year:

	Land and buildings operating leases	
	2003	2002
	£	£
Expiring:		
Within one year	17,978	-

13. SECURED DEBTS

The following secured debts are included within creditors:

	2003	2002
	£	£
Bank overdrafts	9,025	-
Bank loans	52,816	31,526
Hire purchase contracts	71,362	20,106
	<u>133,203</u>	<u>51,632</u>

The company's bank overdraft is secured by way of an unscheduled mortgage debenture dated 22 September 2003 incorporating a fixed and floating charge over all current and future assets of the company.

Hire purchase obligations are secured on the assets concerned.

Joseph W Burley and Partners Limited

**Notes to the Financial Statements
For The Year Ended 31 October 2003**

14. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax provision	2003	2002
	£	£
Accelerated capital allowances	1,651	934
Taxation losses	(1,651)	(934)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

15. CALLED UP SHARE CAPITAL

Authorised:			2003	2002
Number:	Class:	Nominal value:	£	£
500,000	Ordinary	£1	500,000	500,000
			<u>500,000</u>	<u>500,000</u>
Allotted, issued and fully paid:			2003	2002
Number:	Class:	Nominal value:	£	£
90,000	Ordinary	£1	90,000	90,000
			<u>90,000</u>	<u>90,000</u>

16. CONTINGENT LIABILITIES

The company is defending a claim by a former employee with regard to pension benefits. The directors, based on legal opinion, are confident as to the company's position and do not expect any liability to arise with regard to this.

Joseph W Burley and Partners Limited

**Notes to the Financial Statements
For The Year Ended 31 October 2003**

17. RELATED PARTY DISCLOSURES

Transactions

During the year the company was charged expenses amounting to £11,700 and a management fee of £29,363 by Joseph W Burley and Partners (UK) Limited, a company under common control. The company has made hire purchase repayments amounting to £1,291 on behalf of Joseph W Burley and Partners (UK) Limited.

The company received a management charge amounting to £21,863 from North Church Financial Services Limited, a company in which Joseph W Burley and Partners Limited own 50% of the share capital.

For part of the year one of the company's motor vehicles was being used by Joseph W Burley and Partners (Northern) Limited, a company under common control, the company paid £1,842 in respect of the hire purchase repayments due.

The company has entered in to a licence agreement to occupy a suite of offices for an initial term of one year at an annual rent of £17,978 from 1 November 2003, the payments under this licence have been guaranteed by Mr A Burley, a shareholder in the company.

Balances

Included in debtors at the year end are amounts of £35,160 owing from Joseph W Burley and Partners (UK) Limited, £2,500 owing from Saxonholme Consulting Limited and £325 owing from Watts Financial Services Limited, companies under common control.

The company owns 50% of the share capital of North Church Financial Services Limited. At the year end Joseph W Burley and Partners Limited had advanced funds amounting to £123 to this company.

Included in creditors at the year end is an amount of £1,842 owing to Joseph W Burley and Partners (Northern) Limited

Controlling party

The company is under the control of Mrs P Burley by virtue of her shareholding.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit/(Loss) for the financial year	533	(1,088)
Net addition/(reduction) to shareholders' funds	533	(1,088)
Opening shareholders' funds	11,984	13,072
Closing shareholders' funds	12,517	11,984
Equity interests	12,517	11,984