



BDO Stoy Hayward
Chartered Accountants

Lonham Group Limited

Report and Financial Statements

Year Ended

31 March 2001



LONHAM GROUP LIMITED

Annual report and financial statements for the year ended 31 March 2001

Contents

Page:

1	Report of the directors
3	Report of the auditors
4	Profit and loss account
5	Balance sheet
6	Notes forming part of the financial statements

Directors

M Ayres
N Hamer
C Hindle
D Stannard

Secretary and registered office

D Stannard, The Captain's House, 81 Grimwade Street, Ipswich, Suffolk, IP4 1LN

Company number

1679607

Auditors

BDO Stoy Hayward, Knapton House, 12 Lower Brook Street, Ipswich, Suffolk, IP4 1AT

LONHAM GROUP LIMITED

Report of the directors for the year ended 31 March 2001

The directors present their report together with the audited financial statements for the year ended 31 March 2001.

Results

The profit and loss account is set out on page 4 and shows the loss for the year.

Principal activities

The company's main activities continue to be the provision of underwriting, claims handling and consultancy work within the marine insurance industry. It is also parent of two dormant subsidiary undertakings, Lonham Marine Underwriters Limited and Lonham Claims & Recovery Bureau Limited.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the ultimate parent company, Lonham Limited (formerly Latertopic Limited), were:

	£1 ordinary shares fully paid	
	2001	2000
M Ayres	25	25
N Hamer	25	25
C Hindle	25	25
D Stannard	25	25

No director held any interest in the ordinary share capital of any other company in the group at the beginning or end of the financial year.

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; and
- 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.

LONHAM GROUP LIMITED

Report of the directors for the year ended 31 March 2001 (*Continued*)

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small-sized companies.

On Behalf of the Board on *18 October 2001*

D. Stannard

D Stannard
Director

M Ayres

M Ayres
Director

LONHAM GROUP LIMITED**Report of the independent auditors**

To the shareholders of Lonham Group Limited

We have audited the financial statements of Lonham Group Limited for the year ended 31 March 2001 on pages 4 to 11 which have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 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 misstatements, 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 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985



BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
Ipswich

18 October 2001

LONHAM GROUP LIMITED

Profit and loss account for the year ended 31 March 2001

	Note	2001 £	2000 £
Turnover	2	692,543	609,698
Administrative expenses		(620,874)	(593,464)
Operating profit	4	71,669	16,234
Interest receivable		6,665	5,205
Interest payable and similar charges		(3,994)	(6,403)
Profit on ordinary activities before taxation		74,340	15,036
Taxation on profit on ordinary activities		(14,000)	(5,038)
Profit on ordinary activities after taxation		60,340	9,998
Dividend - proposed		(90,000)	-
(Loss)/profit for the year		(29,660)	9,998
Retained profit brought forward		42,409	32,411
Retained profit carried forward		12,749	42,409

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

The notes on pages 6 to 11 form part of these financial statements.

LONHAM GROUP LIMITED

Balance sheet at 31 March 2001

	Note	2001	2000
		£	£
Fixed assets			
Tangible assets	5	96,701	109,430
Investments	6	4	4
		<u>96,705</u>	<u>109,434</u>
Current assets			
Debtors	7	1,269,450	1,326,391
Cash at bank and in hand		130,102	121,737
		<u>1,399,552</u>	<u>1,448,128</u>
Creditors: amounts falling due within one year	8	<u>1,473,408</u>	<u>1,494,296</u>
Net current (liabilities)		<u>(73,856)</u>	<u>(46,168)</u>
Total assets less current liabilities			63,266
Creditors: amounts falling due after more than one year	9	-	(10,757)
Net assets		<u>22,849</u>	<u>52,509</u>
Capital and reserves			
Called up share capital	11	100	100
Capital redemption reserve		10,000	10,000
Profit and loss account		12,749	42,409
Shareholders' funds – equity interests		<u>22,849</u>	<u>52,509</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small-sized companies, and the Financial Reporting Standard for Smaller Entities (effective March 2000).

The financial statements were approved by the Board on 18 October 2001

D. Stannard

D Stannard
Director

M Ayres
Director

The notes on pages 6 to 11 form part of these financial statements.

LONHAM GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 March 2001

1 Accounting policies

The financial statements have been prepared under the historical cost convention, and the Financial Reporting Standard for Smaller Entities (effective March 2000). The following principal accounting policies have been applied:

Group accounts

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a small group. These financial statement therefore present information about the company as an individual undertaking and not about its group.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Freehold building	-	2% per annum
Office equipment	-	33.3% per annum
Motor vehicles	-	25% per annum

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise.

Insurance commission earned

Insurance commission is credited to the profit and loss account when the agreed premium is invoiced.

Operating leases

Operating lease annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

LONHAM GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 March 2001 (*Continued*)

1 Accounting policies (*Continued*)

Pensions

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Cashflow statement

The company has taken advantage of the exemption conferred by the Financial Reporting Standard for Smaller Entities (effective March 2000) not to prepare a cash flow statement.

2 Turnover

Turnover is wholly attributable to the principal activity of the company. In the directors' opinion, 20% (2000:20%) of turnover arises outside the United Kingdom.

3 Directors

	2001 £	2000 £
Directors' emoluments consist of:		
Directors remuneration (including pension contributions)	<u>274,333</u>	<u>237,909</u>

During the year 4 directors (2000:4) were members of the company's defined contribution pension scheme.

4 Operating profit

	2001 £	2000 £
This has been arrived at after charging/(crediting):		
Profit on disposal of fixed assets	(1,004)	-
Depreciation of tangible fixed assets	15,986	23,824
Exchange (gains)/losses	(5,709)	6,856
Auditors' remuneration		
- audit services	3,900	4,375
- non audit services	-	919
Operating lease rentals	17,279	9,227
Pension contributions	<u>33,466</u>	<u>30,601</u>

LONHAM GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 March 2001 (*Continued*)

5 Tangible assets

	Freehold land and building £	Office equipment £	Motor vehicles £	Total £
<i>Cost/valuation</i>				
At 1 April 2000	137,178	183,692	35,107	355,977
Additions	-	10,514	-	10,514
Disposals	-	(67,342)	(35,107)	(102,449)
At 31 March 2001	137,178	126,864	-	264,042
<i>Depreciation</i>				
At 1 April 2000	51,999	170,072	24,476	246,547
Provided for the year	2,143	10,469	3,374	15,986
Disposals	-	(67,342)	(27,850)	(95,192)
At 31 March 2001	54,142	113,199	-	167,341
<i>Net book value</i>				
At 31 March 2001	83,036	13,665	-	96,701
At 31 March 2000	85,179	13,620	10,631	109,430

Freehold land and building are stated at:

	2001 £	2000 £
Cost	300,610	300,610
Revaluation – 1997	(163,432)	(163,432)
At 31 December 1997 - open market value	137,178	137,178

The historical cost net book value of the land and building is:

Cost	300,610	300,610
Accumulated depreciation based on historical cost	(66,717)	(60,705)
Historical cost net book value	233,893	239,905

The freehold land and building was revalued by Fenn Wright, Chartered Surveyors, on the basis of the open market value at 31 December 1997 and has not been updated.

LONHAM GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 March 2001 (Continued)

6 Fixed asset investments

Investments in subsidiaries	2001 £	2000 £
Cost	4	4

The investments in subsidiary undertakings consist of a 100% interest in issued ordinary share capital of Lonham Marine Underwriters Limited and Lonham Claims and Recovery Bureau Limited. Both companies are incorporated in the UK and neither company has traded since incorporation.

7 Debtors

	2001 £	2000 £
Trade debtors	1,239,989	1,284,831
Amounts due from group undertakings	2,091	17,747
Other debtors	2,755	3,179
Prepayments and accrued income	24,615	20,634
	<u>1,269,450</u>	<u>1,326,391</u>

All amounts shown under debtors fall due for payment within one year.

8 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loan (secured)	9,014	37,633
Trade creditors	1,217,501	1,262,780
Corporation tax	14,000	5,038
Other taxes and social security costs	31,022	19,928
Other creditors	111,754	113,939
Accruals and deferred income	17,964	54,978
Amounts due to group undertakings	72,153	-
	<u>1,473,408</u>	<u>1,494,296</u>

9 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Bank loan (secured)	-	10,757
	<u>-</u>	<u>10,757</u>
Included within the above are amounts falling due as follows:-		
In one to two years	-	10,757
	<u>-</u>	<u>10,757</u>

LONHAM GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 March 2001 (*Continued*)

10 Deferred tax

	2001 Unprovided £	2000 Unprovided £
Accelerated capital allowances	<u>(4,381)</u>	<u>(7,169)</u>

The unprovided deferred tax asset, relates to depreciation in advance of capital allowances.

11 Share capital

	Authorised		Allotted, called up And fully paid	
	2001 £	2000 £	2001 £	2000 £
Ordinary shares of £1 each	<u>45,000</u>	<u>45,000</u>	<u>100</u>	<u>100</u>

12 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. The pension cost charge represents contributions payable by the company to the fund.

13 Commitments under operating leases

As at 31 March 2001, the company had annual commitments under non-cancellable operating leases as set out below:

	2001 Other £	2000 Other £
Operating leases which expire:		
In one to two years	9,418	1,231
In two to five years	<u>12,351</u>	<u>14,406</u>

14 Ultimate parent company

At 31 March 2001 the company's ultimate parent company was Lonham Limited (formerly Latertopic Limited).

LONHAM GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 March 2001 (*Continued*)

15 Related parties

i) Control

Ultimate control is exercised by the four directors, each of whom owns 25% of the ordinary share capital of Lonham Limited (formerly Latertopic Limited), the ultimate parent company.

ii) Transactions and balances

During the year the company advanced loans to the following related parties:

	2001 £	2000 £
Lonham Limited (formerly Latertopic Limited)	100	-
Lonham Commercial Risks Limited	2,091	-
	<u> </u>	<u> </u>

At 31 March 2001 the company proposed a dividend of £90,000. The dividend is payable to Lonham Limited (formerly Latertopic Limited).

At 31 March 2001 £72,153 was owed to (2000: £17,747 owed by) Lonham Limited (formerly Latertopic Limited) and £2,091 (2000: £Nil) was owed by Lonham Commercial Risks Limited. No other amounts were outstanding with related parties.