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TAVISTOCK INSURANCE SERVICES LTD
FINANCIAL STATEMENTS
FOR
31ST DECEMBER 2002

Company Registration Number 02106973



JVR JERROM LLP
Chartered Accountants & Registered Auditors
Effra House
34 High Street
Ewell
Surrey
KT17 1RW

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TAVISTOCK INSURANCE SERVICES LTD

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2002

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TAVISTOCK INSURANCE SERVICES LTD

THE DIRECTOR'S REPORT

YEAR ENDED 31ST DECEMBER 2002

The director presents his report and the financial statements of the company for the year ended 31st December 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is insurance broking, with particular emphasis on life assurance and pensions.

During the year the company has diversified into mortgage business. As a result of this, turnover has increased substantially and the company has become profitable. The director is confident about the 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 director has recommended the following dividends:

	2002 £	2001 £
Dividends paid on ordinary shares	<u>54,000</u>	<u>—</u>

THE DIRECTOR AND HIS INTERESTS IN SHARES OF THE COMPANY

The director who served the company during the year together with his beneficial interests in the shares of the company was as follows:

	Ordinary Shares of £1 each	
	At 31 December 2002	At 1 January 2002
M J Kemp	<u>10,000</u>	<u>10,000</u>

DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is required to:

select suitable accounting policies, as described on page 8, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

TAVISTOCK INSURANCE SERVICES LTD

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2002

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is 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

A resolution to re-appoint JVR Jerrom LLP 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:

Effra House
34 High Street
Ewell
Surrey
KT17 1RW

Signed by order of the director



M MULCAHY
Company Secretary

Approved by the director on ...29/10/2003...

TAVISTOCK INSURANCE SERVICES LTD
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31ST DECEMBER 2002

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND THE AUDITORS

The director's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Director's Responsibilities on pages 1 to 2.

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 Director's 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 director's remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

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 director 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.

TAVISTOCK INSURANCE SERVICES LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31ST DECEMBER 2002

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 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.

JVR Jerrom Up

Effra House
34 High Street
Ewell
Surrey
KT17 1RW

JVR JERROM LLP
Chartered Accountants
& Registered Auditors

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TAVISTOCK INSURANCE SERVICES LTD

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 2002

	Note	2002 £	2001 £
TURNOVER	2	361,071	257,998
Administrative expenses		298,303	274,335
Other operating income		(7,035)	(3,333)
OPERATING PROFIT/(LOSS)	3	69,803	(13,004)
Interest receivable		368	—
Interest payable	6	(2,835)	(1,203)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		67,336	(14,207)
Tax on profit/(loss) on ordinary activities	7	9,743	—
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		57,593	(14,207)
Dividends	8	54,000	—
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		3,593	(14,207)
Balance brought forward		(6,715)	7,492
Balance carried forward		<u>(3,122)</u>	<u>(6,715)</u>

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

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

TAVISTOCK INSURANCE SERVICES LTD

BALANCE SHEET

31ST DECEMBER 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	9	16,971	12,620
CURRENT ASSETS			
Debtors	10	46,906	67,781
Cash at bank and in hand		<u>25,094</u>	<u>7,449</u>
		72,000	75,230
CREDITORS: Amounts falling due within one year	11	<u>51,353</u>	<u>52,709</u>
NET CURRENT ASSETS		<u>20,647</u>	<u>22,521</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>37,618</u>	<u>35,141</u>
CREDITORS: Amounts falling due after more than one year	12	<u>20,740</u>	<u>21,856</u>
		<u>16,878</u>	<u>13,285</u>
CAPITAL AND RESERVES			
Called-up equity share capital	16	20,000	20,000
Profit and loss account		<u>(3,122)</u>	<u>(6,715)</u>
SHAREHOLDERS' FUNDS	17	<u>16,878</u>	<u>13,285</u>

These financial statements were approved and signed by the director on 24/10/2003


M J KEMP

TAVISTOCK INSURANCE SERVICES LTD

CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 2002

	Note	2002 £	2001 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	18	95,214	(17,774)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	18	(2,467)	(1,203)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	18	(17,450)	—
EQUITY DIVIDENDS PAID		(54,000)	—
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		21,297	(18,977)
FINANCING	18	(3,652)	18,177
INCREASE/(DECREASE) IN CASH	18	<u>17,645</u>	<u>(800)</u>

The notes on pages 8 to 14 form part of these financial statements.

TAVISTOCK INSURANCE SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Fixed assets

All fixed assets are initially recorded at cost.

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:

Motor Vehicles	- 25% Reducing balance basis
Equipment	- 33% Reducing balance basis

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.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

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.

TAVISTOCK INSURANCE SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

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:

	2002 £	2001 £
United Kingdom	<u>361,071</u>	<u>257,998</u>

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

	2002 £	2001 £
Depreciation	479	4,208
Loss on disposal of fixed assets	12,620	—
Auditors' remuneration		
- as auditors	4,800	4,000
Operating lease costs:		
Plant and equipment	<u>1,293</u>	<u>—</u>

4. PARTICULARS OF EMPLOYEES

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

	2002 No	2001 No
Number of administrative staff	4	4
Number of management staff	<u>2</u>	<u>2</u>
	<u>6</u>	<u>6</u>

The aggregate payroll costs of the above were:

	2002 £	2001 £
Wages and salaries	37,631	87,594
Social security costs	<u>2,592</u>	<u>7,686</u>
	<u>40,223</u>	<u>95,280</u>

5. DIRECTOR'S EMOLUMENTS

The director's aggregate emoluments in respect of qualifying services were:

	2002 £	2001 £
Emoluments receivable	<u>1,379</u>	<u>16,977</u>

TAVISTOCK INSURANCE SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

6. INTEREST PAYABLE

	2002 £	2001 £
Interest payable on bank borrowing	1,977	974
Finance charges	858	229
	<u>2,835</u>	<u>1,203</u>

7. TAX ON PROFIT OR (LOSS) ON ORDINARY ACTIVITIES

	2002 £	2001 £
Current tax:		
UK Corporation tax based on the results for the year at 19% (2001 - 10%)	9,743	—
Total current tax	<u>9,743</u>	<u>—</u>

8. DIVIDENDS

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

	2002 £	2001 £
Dividend paid on ordinary shares	<u>54,000</u>	<u>—</u>

9. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Equipment £	Total £
COST			
At 1st January 2002	33,705	—	33,705
Additions	—	17,450	17,450
Disposals	(33,705)	—	(33,705)
At 31st December 2002	<u>—</u>	<u>17,450</u>	<u>17,450</u>
DEPRECIATION			
At 1st January 2002	21,085	—	21,085
Charge for the year	—	479	479
On disposals	(21,085)	—	(21,085)
At 31st December 2002	<u>—</u>	<u>479</u>	<u>479</u>
NET BOOK VALUE			
At 31st December 2002	<u>—</u>	<u>16,971</u>	<u>16,971</u>
At 31st December 2001	<u>12,620</u>	<u>—</u>	<u>12,620</u>

TAVISTOCK INSURANCE SERVICES LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

9. TANGIBLE FIXED ASSETS *(continued)***Finance lease agreements**

Included within the net book value of £16,971 is £Nil (2001 - £12,620) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £Nil (2001 - £4,208).

10. DEBTORS

	2002 £	2001 £
Trade debtors	1,474	26,566
Other debtors	38,716	25,647
Directors current accounts	6,716	15,568
	<u>46,906</u>	<u>67,781</u>

11. CREDITORS: Amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	1,878	2,544
Trade creditors	31,139	19,459
Other creditors including taxation and social security:		
Corporation tax	9,743	—
Other taxation and social security	2,993	24,836
Finance lease agreements	—	1,870
	<u>45,753</u>	<u>48,709</u>
Accruals and deferred income	5,600	4,000
	<u>51,353</u>	<u>52,709</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2002 £	2001 £
Bank loans and overdrafts	<u>1,878</u>	<u>2,544</u>

12. CREDITORS: Amounts falling due after more than one year

	2002 £	2001 £
Bank loans and overdrafts	<u>20,740</u>	<u>21,856</u>

The bank loan is repayable after more than 5 years and is secured by personal guarantees.

TAVISTOCK INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2002

12. CREDITORS: Amounts falling due after more than one year (continued)

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2002	2001
	£	£
Bank loans and overdrafts	<u>20,740</u>	<u>21,856</u>

13. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	2002	2001
	£	£
Amounts payable within 1 year	<u>-</u>	<u>1,870</u>
	<u>-</u>	<u>1,870</u>

14. COMMITMENTS UNDER OPERATING LEASES

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

	2002		2001	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 2 to 5 years	-	1,400	-	-
After more than 5 years	<u>19,800</u>	<u>-</u>	<u>19,800</u>	<u>-</u>
	<u>19,800</u>	<u>1,400</u>	<u>19,800</u>	<u>-</u>

15. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Companies Act 1985.

16. SHARE CAPITAL**Authorised share capital:**

	2002	2001
	£	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2002		2001	
	No	£	No	£
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

TAVISTOCK INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2002

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit/(Loss) for the financial year	57,593	(14,207)
Dividends	(54,000)	—
	<u>3,593</u>	<u>(14,207)</u>
Opening shareholders' equity funds	13,285	27,492
Closing shareholders' equity funds	<u>16,878</u>	<u>13,285</u>

18. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2002 £	2001 £
Operating profit/(loss)	69,803	(13,004)
Depreciation	479	4,208
Loss on disposal of fixed assets	12,620	—
Decrease/(increase) in debtors	20,875	(38,920)
(Decrease)/increase in creditors	(8,563)	29,942
	<u>95,214</u>	<u>(17,774)</u>
Net cash inflow/(outflow) from operating activities		

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2002 £	2001 £
Interest received	368	—
Interest paid	(1,977)	(974)
Interest element of finance leases	(858)	(229)
	<u>(2,467)</u>	<u>(1,203)</u>
Net cash outflow from returns on investments and servicing of finance		

CAPITAL EXPENDITURE

	2002 £	2001 £
Payments to acquire tangible fixed assets	(17,450)	—
Net cash outflow from capital expenditure	<u>(17,450)</u>	<u>—</u>

TAVISTOCK INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2002

18. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

FINANCING

	2002 £	2001 £
Repayment of bank loans	(1,782)	24,400
Capital element of finance leases	(1,870)	(6,223)
Net cash (outflow)/inflow from financing	(3,652)	18,177

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2002 £	2001 £
Increase/(decrease) in cash in the period	17,645	(800)
Net cash outflow from/(inflow) from bank loans	1,782	(24,400)
Cash outflow in respect of finance leases	1,870	6,223
	<u>21,297</u>	<u>(18,977)</u>
Change in net funds	21,297	(18,977)
Net debt at 1 January 2002	(18,821)	156
Net funds at 31 December 2002	<u>2,476</u>	<u>(18,821)</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2002 £	Cash flows £	At 31 Dec 2002 £
Net cash:			
Cash in hand and at bank	7,449	17,645	25,094
Debt:			
Debt due within 1 year	(2,544)	666	(1,878)
Debt due after 1 year	(21,856)	1,116	(20,740)
Finance lease agreements	(1,870)	1,870	—
	<u>(26,270)</u>	<u>3,652</u>	<u>(22,618)</u>
Net funds	<u>(18,821)</u>	<u>21,297</u>	<u>2,476</u>