COMPANY REGISTRATION NUMBER 02106973

TAVISTOCK INSURANCE SERVICES LTD

FINANCIAL STATEMENTS

FOR

31ST DECEMBER 2003

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

ASWLCVHN
A15
COMPANIES HOUSE
0518
26/05/04

TAVISTOCK INSURANCE SERVICES LTD

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

CONTENTS	PAGES
The director's report	1 to 2
Independent auditors' report to the shareholders	3 to 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 to 14

TAVISTOCK INSURANCE SERVICES LTD

THE DIRECTOR'S REPORT

YEAR ENDED 31ST DECEMBER 2003

The director presents his report and the financial statements of the company for the year ended 31st December 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The principal activity of the company is insurance broking, life assurance, mortgage and pensions.

The company will continue to trade successfully as before and 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:

	2003	2002
	£	£
Dividends paid on ordinary shares	**75,900**	54,000

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	At
	31 December 2003	1 January 2003
M J Kemp	**10,000**	10,000

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 2003

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 18/5/4

TAVISTOCK INSURANCE SERVICES LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31ST DECEMBER 2003

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 DIRECTOR AND AUDITORS

As described in the Statement of Director's Responsibilities the company's director is responsible for the preparation of the 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 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.

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 2003

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 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

JVR JERROM LLP
Chartered Accountants
& Registered Auditors

Effra House
34 High Street
Ewell
Surrey
KT17 1RW

18/5/4

TAVISTOCK INSURANCE SERVICES LTD

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 2003

	Note	2003 £	2002 £
TURNOVER	2	**441,476**	361,071
Administrative expenses		**354,938**	298,303
Other operating income		**(10,710)**	(7,035)
OPERATING PROFIT	3	**97,248**	69,803
Interest receivable		**282**	368
Interest payable	6	**(1,814)**	(2,835)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**95,716**	67,336
Tax on profit on ordinary activities	7	**19,787**	9,743
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**75,929**	57,593
Dividends	8	**75,900**	54,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		**29**	3,593
Balance brought forward		**(3,121)**	(6,714)
Balance carried forward		**(3,092)**	(3,121)

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 2003

	Note	2003 £	£	2002 £	£
FIXED ASSETS					
Tangible assets	9		**12,590**		16,971
CURRENT ASSETS					
Debtors	10	**77,783**		46,906	
Cash at bank		**12,748**		25,094	
		90,531		72,000	
CREDITORS: Amounts falling due within one year	11	**67,486**		51,352	
NET CURRENT ASSETS			**23,045**		20,648
TOTAL ASSETS LESS CURRENT LIABILITIES			**35,635**		37,619
CREDITORS: Amounts falling due after more than one year	12		**18,727**		20,740
			16,908		16,879
CAPITAL AND RESERVES					
Called-up equity share capital	15		**20,000**		20,000
Profit and loss account			**(3,092)**		(3,121)
SHAREHOLDERS' FUNDS	16		**16,908**		16,879

These financial statements were approved and signed by the director on 18/5/4

M J KEMP

TAVISTOCK INSURANCE SERVICES LTD

CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 2003

	Note	2003 £	2003 £	2002 £	2002 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	**17**		**78,907**		95,213
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	**17**		**(1,532)**		(2,467)
TAXATION	**17**		**(9,820)**		–
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	**17**		**(2,056)**		(17,450)
EQUITY DIVIDENDS PAID			**(75,900)**		(54,000)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING			**(10,401)**		21,296
FINANCING	**17**		**(1,945)**		(3,652)
(DECREASE)/INCREASE IN CASH	**17**		**(12,346)**		17,644

TAVISTOCK INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

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
Equipment	-	33% Straight Line

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 2003

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:

	2003	2002
	£	£
United Kingdom	**441,476**	361,071

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2003	2002
	£	£
Director's emoluments	**–**	1,379
Depreciation of owned fixed assets	**6,437**	479
Loss on disposal of fixed assets	**–**	12,620
Auditors' remuneration		
- as auditors	**6,000**	4,800
Operating lease costs:		
Plant and equipment	**1,646**	1,293

4. PARTICULARS OF EMPLOYEES

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

	2003	2002
	No	No
Number of administrative staff	**3**	4
Number of management staff	**2**	2
	5	6

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	**38,174**	37,631
Social security costs	**2,961**	2,592
	41,135	40,223

5. DIRECTOR'S EMOLUMENTS

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

	2003	2002
	£	£
Emoluments receivable	**–**	1,379

TAVISTOCK INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

6. INTEREST PAYABLE

	2003	2002
	£	£
Interest payable on bank borrowing	**1,814**	1,977
Finance charges	**–**	858
	1,814	2,835

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003	2002
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2002 - 19%)	**19,710**	9,743
Over/under provision in prior year	**77**	–
Total current tax	**19,787**	9,743

8. DIVIDENDS

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

	2003	2002
	£	£
Dividend paid on ordinary shares	**75,900**	54,000

9. TANGIBLE FIXED ASSETS

	Equipment
	£
COST	
At 1st January 2003	**17,450**
Additions	**2,056**
At 31st December 2003	**19,506**
DEPRECIATION	
At 1st January 2003	**479**
Charge for the year	**6,437**
At 31st December 2003	**6,916**
NET BOOK VALUE	
At 31st December 2003	**12,590**
At 31st December 2002	16,971

TAVISTOCK INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

10. DEBTORS

	2003	2002
	£	£
Trade debtors	**16,765**	1,474
Other debtors	**34,159**	38,716
Directors current accounts	**26,859**	6,716
	77,783	46,906

11. CREDITORS: Amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	**1,946**	1,878
Trade creditors	**32,110**	31,138
Other creditors including taxation and social security:		
Corporation tax	**19,710**	9,743
Other taxation and social security	**2,414**	2,993
	56,180	45,752
Accruals and deferred income	**11,306**	5,600
	67,486	51,352

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

	2003	2002
	£	£
Bank loans and overdrafts	**1,946**	1,878

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

	2003	2002
	£	£
Bank loans and overdrafts	**18,727**	20,740

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

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

	2003	2002
	£	£
Bank loans and overdrafts	**18,727**	20,740

TAVISTOCK INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

13. COMMITMENTS UNDER OPERATING LEASES

At 31st December 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	2003		2002	
	Land & Buildings	**Other Items**	Land & Buildings	Other Items
	£	**£**	£	£
Operating leases which expire:				
Within 2 to 5 years	–	**1,400**	–	1,400
After more than 5 years	**19,800**	–	19,800	–
	19,800	**1,400**	19,800	1,400

14. RELATED PARTY TRANSACTIONS

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

15. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
50,000 Ordinary shares of £1 each	**50,000**	50,000

Allotted, called up and fully paid:

	2003		2002	
	No	**£**	No	£
Ordinary shares of £1 each	**20,000**	**20,000**	20,000	20,000

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the financial year	**75,929**	57,593
Dividends	**(75,900)**	(54,000)
	29	3,593
Opening shareholders' equity funds	**16,879**	13,286
Closing shareholders' equity funds	**16,908**	16,879

TAVISTOCK INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

17. NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	**97,248**	69,803
Depreciation	**6,437**	479
Loss on disposal of fixed assets	**–**	12,620
(Increase)/decrease in debtors	**(30,877)**	20,875
Increase/(decrease) in creditors	**6,099**	(8,564)
Net cash inflow from operating activities	**78,907**	95,213

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2003 £	2002 £
Interest received	**282**	368
Interest paid	**(1,814)**	(1,977)
Interest element of finance leases and similar	**–**	(858)
Net cash outflow from returns on investments and servicing of finance	**(1,532)**	(2,467)

TAXATION

	2003 £	2002 £
TAXATION	**(9,820)**	–

CAPITAL EXPENDITURE

	2003 £	2002 £
Payments to acquire tangible fixed assets	**(2,056)**	(17,450)
Net cash outflow from capital expenditure	**(2,056)**	(17,450)

FINANCING

	2003 £	2002 £
Repayment of bank loans	**(1,945)**	(1,782)
Capital element of finance leases and similar	**–**	(1,870)
Net cash outflow from financing	**(1,945)**	(3,652)

TAVISTOCK INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

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

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003		2002	
	£	£	£	£
(Decrease)/increase in cash in the period	**(12,346)**		17,644	
Net cash outflow from bank loans	**1,945**		1,782	
Cash outflow in respect of finance leases and similar	–		1,870	
		(10,401)		21,296
Change in net debt		**(10,401)**		21,296
Net funds at 1 January 2003		**2,476**		(18,821)
Net debt at 31 December 2003		**(7,925)**		2,476

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2003 £	Cash flows £	At 31 Dec 2003 £
Net cash:			
Cash in hand and at bank	**25,094**	**(12,346)**	**12,748**
Debt:			
Debt due within 1 year	**(1,878)**	**(68)**	**(1,946)**
Debt due after 1 year	**(20,740)**	**2,013**	**(18,727)**
	(22,618)	**1,945**	**(20,673)**
Net debt	**2,476**	**(10,401)**	**(7,925)**