

Nicholson White & Co Limited

Report and Accounts

31 December 1999

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Registration number 2747708

Nicholson White & Co Limited

Director's Report

The director presents his report and accounts for the year ended 31 December 1999.

Principal activities and review of the business

The company's principal activity during the year continued to be insurance broking.

Results and dividends

The turnover and profit for the year was as follows:

	1999	1998
Turnover	<u>£564,730</u>	<u>£545,431</u>
Profit for the year before taxation	119,407	161,552
Taxation	(22,546)	(33,639)
Profit for the year after taxation	<u>96,861</u>	<u>127,913</u>

The directors do not propose the payment of a dividend. The surplus of £96,861 is to be transferred to reserves.

Director and director's interests

The director who has served during the year was: M.J. White

Mr. M.J. White is also a director of the company's parent undertaking, Davron Management Ltd. His interest in the share capital of that company is shown in that company's directors report.

Directors' Responsibilities

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, the directors are required to:

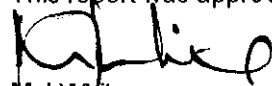
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 accounts 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

A resolution to reappoint Rothman Pantall & Co as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 4 April 2000.



M J White
Director

Nicholson White & Co Limited
Auditors' Report

Report of the auditors
to the shareholders of Nicholson White & Co Limited

We have audited the accounts on pages 3 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

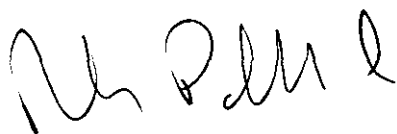
Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Rothman Pantall & Co
Chartered Accountants
Registered Auditors

Portsmouth

4 April 2000

Nicholson White & Co Limited
Profit and Loss Account
for the year ended 31 December 1999

	Notes	1999	1998
Turnover	2	564,730	545,431
Administrative expenses		(460,811)	(402,179)
Operating profit	3	103,919	143,252
Interest receivable		17,523	19,977
Interest payable	6	(2,035)	(1,677)
Profit on ordinary activities before taxation		119,407	161,552
Taxation on profit on ordinary activities	7	(22,546)	(33,639)
Profit on ordinary activities after taxation		96,861	127,913
Dividends:			
ordinary dividend on equity shares	8	-	(16,000)
Retained profit for the year	16	96,861	111,913

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years.

Nicholson White & Co Limited
Balance Sheet
as at 31 December 1999

	Notes	1999	1998
Fixed assets			
Tangible assets	9	454,874	48,851
Current assets			
Debtors	10	208,392	160,512
Cash at bank and in hand		451,052	563,109
		659,444	723,621
Creditors: amounts falling due within one year	11	(518,837)	(491,372)
Net current assets		140,607	232,249
Total assets less current liabilities		595,481	281,100
Creditors: amounts falling due after more than one year	12	(222,547)	(5,027)
		<u>372,934</u>	<u>276,073</u>
Capital and reserves			
Called up share capital	15	1,000	1,000
Profit and loss account	16	371,934	275,073
Shareholders' funds:			
Equity		<u>372,934</u>	<u>276,073</u>
	17	<u>372,934</u>	<u>276,073</u>



M J White
Director

Approved by the board on 4 APRIL 2000

Nicholson White & Co Limited
Cash Flow Statement
for the year ended 31 December 1999

	Notes	1999	1998
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		103,919	140,734
Depreciation charges		29,025	19,610
(Increase)/decrease in debtors		(47,880)	21,988
Increase in creditors		13,986	28,484
Net cash inflow from operating activities		<u>99,050</u>	<u>210,816</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		99,050	210,816
Returns on investments and servicing of finance	18	15,488	18,300
Taxation		(31,546)	(22,639)
Capital expenditure	18	(435,048)	(19,445)
		(352,056)	187,032
Equity dividends paid		-	(16,000)
		(352,056)	171,032
Financing	18	239,999	(8,839)
(Decrease)/increase in cash		<u>(112,057)</u>	<u>162,193</u>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period		(112,057)	162,193
(Increase)/decrease in debt and lease financing		(239,999)	8,839
Change in net debt	19	(352,056)	171,032
Net funds at 1 January 1999		<u>550,579</u>	<u>379,547</u>
Net funds at 31 December 1999		<u>198,523</u>	<u>550,579</u>

Nicholson White & Co Limited
Notes to the Accounts
at 31 December 1999

1 Accounting policies

Accounting convention

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

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Motor vehicles	4 years
Furniture fittings and equipment	5 years
Leasehold land and buildings	50 years

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected in the foreseeable future, calculated at the rate at which it is estimated that the tax will be payable.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

Turnover represents brokerage income in respect of insurance contracts based on the later of the date of inception of the policy and the date debited .

	1999	1998
Turnover attributable to geographical markets outside the UK	<u>3.0%</u>	<u>2.0%</u>

Nicholson White & Co Limited
Notes to the Accounts
at 31 December 1999

3 Operating profit **1999** **1998**

This is stated after charging:

Depreciation of owned fixed assets	21,949	12,534
Depreciation of assets held under finance leases and hire purchase contracts	7,076	7,076
Operating lease rentals - land buildings	21,422	19,992
Auditors' remuneration	6,000	5,500
	<u>6,000</u>	<u>5,500</u>

4 Directors' emoluments **1999** **1998**

Emoluments	96,187	108,280
Company contributions to money purchase pension schemes	69,000	50,000
	<u>165,187</u>	<u>158,280</u>

Number of directors in company pension schemes:

	1999 Number	1998 Number
Money purchase schemes	<u>1</u>	<u>1</u>

5 Staff costs **1999** **1998**

Wages and salaries	206,100	211,378
Social security costs	22,318	20,903
Other pension costs	69,000	50,000
	<u>297,418</u>	<u>282,281</u>

Average number of employees during the year

Management and administration	3	3
Insurance broking	3	3
	<u>6</u>	<u>6</u>

6 Interest payable **1999** **1998**

Bank loans and overdrafts	450	-
Finance charges payable under finance leases and hire purchase contracts	1,585	1,677
	<u>2,035</u>	<u>1,677</u>

Nicholson White & Co Limited
Notes to the Accounts
at 31 December 1999

7 Tax on profit on ordinary activities	1999	1998
UK corporation tax at 21%	<u>22,546</u>	<u>33,639</u>

8 Equity dividends	1999	1998
Equity dividends on ordinary shares - interim paid	<u>-</u>	<u>16,000</u>

9 Tangible fixed assets	Short leasehold land and buildings	Office equipment and vehicles	Total
Cost			
At 1 January 1999	-	95,662	95,662
Additions	422,175	12,873	435,048
At 31 December 1999	<u>422,175</u>	<u>108,535</u>	<u>530,710</u>
Depreciation			
At 1 January 1999	-	46,811	46,811
Charge for the year	8,443	20,582	29,025
At 31 December 1999	<u>8,443</u>	<u>67,393</u>	<u>75,836</u>
Net book value			
At 31 December 1999	<u>413,732</u>	<u>41,142</u>	<u>454,874</u>
At 31 December 1998	<u>-</u>	<u>48,851</u>	<u>48,851</u>

	1999	1998
Net book value of vehicles included above held under finance leases and hire purchase contracts	<u>7,078</u>	<u>14,154</u>

10 Debtors	1999	1998
Trade debtors	186,954	147,300
Amounts due by group undertaking	18,425	8,410
Other debtors	354	354
Prepayments and accrued income	2,659	4,448
	<u>208,392</u>	<u>160,512</u>

Nicholson White & Co Limited
Notes to the Accounts
at 31 December 1999

11 Creditors: amounts falling due within one year	1999	1998
Bank loans and overdrafts	25,000	-
Obligations under finance lease and hire purchase contracts	4,982	7,503
Trade creditors	439,311	428,811
Corporation tax	28,000	37,000
Other taxes and social security costs	6,979	6,470
Accruals and deferred income	14,565	11,588
	<u>518,837</u>	<u>491,372</u>

12 Creditors: amounts falling due after one year	1999	1998
Bank loans and overdrafts	222,547	-
Obligations under finance lease and hire purchase contracts	-	5,027
	<u>222,547</u>	<u>5,027</u>

13 Borrowings	1999	1998
Loans not wholly repayable within five years:		
Bank loan	<u>222,547</u>	<u>-</u>
Analysis of maturity of debt:		
Within one year or on demand	25,000	-
Between one and two years	25,000	-
Between two and five years	75,000	-
After five years	97,547	-
	<u>222,547</u>	<u>-</u>

The above loan is secured by a fixed charge over the company's leasehold property.
The loan is repayable by 120 equal monthly instalments commencing in December 1999.
Interest is charged at 1.8% above HSBC Bank plc base rate.

14 Obligations under finance leases and hire purchase contracts	1999	1998
Amounts payable:		
Within one year	4,982	7,503
Within two to five years	-	5,027
	<u>4,982</u>	<u>12,530</u>

Nicholson White & Co Limited
Notes to the Accounts
at 31 December 1999

15 Share capital	1999	1998
Authorised:		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	1999	1998
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
 16 Profit and loss account	 1999	 1998
At 1 January 1999	275,073	163,160
Retained profit	96,861	111,913
	<u>371,934</u>	<u>275,073</u>
 17 Reconciliation of movements in shareholders' funds	 1999	 1998
At 1 January 1999	276,073	164,160
Profit for the financial year	96,861	127,913
Dividends	-	(16,000)
	<u>372,934</u>	<u>276,073</u>
 18 Gross cash flows	 1999	 1998
Returns on investments and servicing of finance		
Interest received	17,523	19,977
Interest paid	(450)	-
Interest element of finance lease rental payments	(1,585)	(1,677)
	<u>15,488</u>	<u>18,300</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(435,048)	(25,459)
Receipts from sales of tangible fixed assets	-	6,014
	<u>(435,048)</u>	<u>(19,445)</u>
Financing		
New loans raised	250,000	-
Loan repayments	(2,453)	-
Capital element of finance lease rental payments	(7,548)	(8,839)
	<u>239,999</u>	<u>(8,839)</u>

Nicholson White & Co Limited
Notes to the Accounts
at 31 December 1999

19 Analysis of changes in net debt

	At 1 Jan 1999	Cash flows	Non-cash changes	At 31 Dec 1999
Cash at bank and in hand	563,109	(112,057)	-	451,052
Debt due within 1 year	-	(25,000)		(25,000)
Debt due after 1 year	-	(222,547)		(222,547)
Finance leases	(12,530)	7,548	-	(4,982)
		(239,999)		
Total	550,579	(352,056)	-	198,523

20 Parent undertaking

The company is a wholly owned subsidiary of Davron Management Ltd , a company incorporated in the United Kingdom .