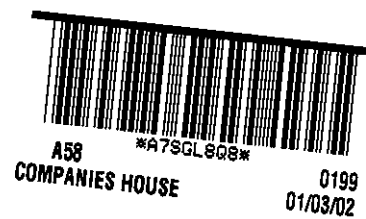


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**Report of the Director and
Financial Statements
for the Year Ended 31 December 2001
for
Nicholson White & Co Limited**



**Contents of the Financial Statements
for the Year Ended 31 December 2001**

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Nicholson White & Co Limited

**Company Information
for the Year Ended 31 December 2001**

DIRECTOR: M J White

SECRETARY: J R White

REGISTERED OFFICE: Clareville House
26/27 Oxendon Street
London
SW1Y 4EP

REGISTERED NUMBER: 2747708

AUDITORS: Rothman Pantall & Co
Registered auditors
10 Landport Terrace
Portsmouth
Hampshire
PO1 2RG

Nicholson White & Co Limited

**Report of the Director
for the Year Ended 31 December 2001**

The director presents his report with the financial statements of the company for the year ended 31 December 2001.

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.

DIVIDENDS

An interim dividend of £60 per share was paid on 31 December 2001. The director recommends that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2001 will be £60,000.

DIRECTOR

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 .

STATEMENT OF 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 and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to

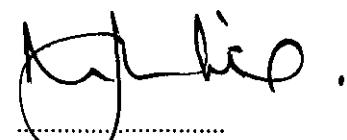
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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. He 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

The auditors, Rothman Pantall & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
M J White - DIRECTOR

Dated: 6 February 2002

Nicholson White & Co Limited

**Report of the Independent Auditors to the Shareholders of
Nicholson White & Co Limited**

We have audited the financial statements of Nicholson White & Co Limited for the year ended 31 December 2001 on pages four to thirteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of director and auditors

As described on page two the company's director is 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 Director 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 Report of the Director 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Rothman Pantall & Co
Registered auditors
10 Landport Terrace
Portsmouth
Hampshire
PO1 2RG

Dated: 7 February 2002

Nicholson White & Co Limited

**Profit and Loss Account
for the Year Ended 31 December 2001**

		2001		2000	
	Notes	£	£	£	£
TURNOVER			873,756		677,575
Distribution costs		285,917		151,335	
Administrative expenses		<u>311,856</u>		<u>336,148</u>	
			597,773		487,483
OPERATING PROFIT	3		275,983		190,092
Interest receivable and similar income			<u>16,888</u>		<u>16,846</u>
			292,871		206,938
Interest payable and similar charges	4		<u>28,143</u>		<u>33,457</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			264,728		173,481
Tax on profit on ordinary activities	5		<u>54,000</u>		<u>38,000</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			210,728		135,481
Dividends	6		<u>60,000</u>		<u>39,000</u>
			150,728		96,481
Retained profit brought forward			<u>468,415</u>		<u>371,934</u>
RETAINED PROFIT CARRIED FORWARD			<u>£619,143</u>		<u>£468,415</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

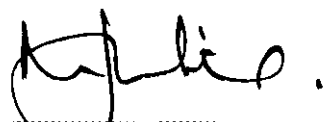
The company has no recognised gains or losses other than the profits for the current and previous years.

Nicholson White & Co Limited

Balance Sheet
31 December 2001

		2001		2000	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		463,660		456,197
CURRENT ASSETS:					
Debtors	8	504,675		249,199	
Cash at bank and in hand		1,250,915		778,094	
		1,755,590		1,027,293	
CREDITORS: Amounts falling due within one year	9	1,263,556		658,256	
NET CURRENT ASSETS:			492,034		369,037
TOTAL ASSETS LESS CURRENT LIABILITIES:			955,694		825,234
CREDITORS: Amounts falling due after more than one year	10		335,551		355,819
			£620,143		£469,415
CAPITAL AND RESERVES:					
Called up share capital	13		1,000		1,000
Profit and loss account			619,143		468,415
SHAREHOLDERS' FUNDS:	15		£620,143		£469,415

ON BEHALF OF THE BOARD:



M J White - DIRECTOR

Approved by the Board on 6 February 2002

Nicholson White & Co Limited

**Cash Flow Statement
for the Year Ended 31 December 2001**

	Notes	2001		2000	
		£	£	£	£
Net cash inflow from operating activities	1		626,904		303,968
Returns on investments and servicing of finance	2		(11,255)		(16,611)
Taxation			(37,798)		(27,768)
Capital expenditure	2		(24,235)		(34,986)
Equity dividends paid			(60,000)		(39,000)
			<u>493,616</u>		<u>185,603</u>
Financing	2		(20,268)		128,290
Increase in cash in the period			<u><u>£473,348</u></u>		<u><u>£313,893</u></u>
Reconciliation of net cash flow to movement in net funds	3				
Increase in cash in the period			473,348		313,893
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing			<u>20,268</u>		<u>(128,290)</u>
Change in net funds resulting from cash flows			<u>493,616</u>		<u>185,603</u>
Movement in net funds in the period			493,616		185,603
Net funds at 1 January			384,126		198,523
Net funds at 31 December			<u><u>£877,742</u></u>		<u><u>£384,126</u></u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2001**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 £	2000 £
Operating profit	275,983	190,092
Depreciation charges	26,770	28,487
Loss on sale of fixed assets	-	5,176
Profit on sale of fixed assets	(9,998)	-
Increase in debtors	(255,476)	(40,807)
Increase in creditors	589,625	121,020
Net cash inflow from operating activities	<u>626,904</u>	<u>303,968</u>

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

	2001 £	2000 £
Returns on investments and servicing of finance		
Interest received	16,888	16,846
Interest paid	(28,143)	(32,325)
Interest element of hire purchase or finance lease rentals payments	-	(1,132)
Net cash outflow for returns on investments and servicing of finance	<u>(11,255)</u>	<u>(16,611)</u>
Capital expenditure		
Purchase of tangible fixed assets	(34,235)	(38,586)
Sale of tangible fixed assets	10,000	3,600
Net cash outflow for capital expenditure	<u>(24,235)</u>	<u>(34,986)</u>
Financing		
New loan taken out in year	-	150,000
Loan repayments in year	(20,268)	(21,710)
Net cash (outflow)/inflow from financing	<u>(20,268)</u>	<u>128,290</u>

Nicholson White & Co Limited

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2001**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.01 £	Cash flow £	At 31.12.01 £
Net cash:			
Cash at bank and in hand	778,094	472,821	1,250,915
Bank overdraft	(13,149)	527	(12,622)
	<u>764,945</u>	<u>473,348</u>	<u>1,238,293</u>
Debt:			
Debts falling due within one year	(25,000)	-	(25,000)
Debts falling due after one year	(355,819)	20,268	(335,551)
	<u>(380,819)</u>	<u>20,268</u>	<u>(360,551)</u>
Total	<u>384,126</u>	<u>493,616</u>	<u>877,742</u>
Analysed in Balance Sheet			
Cash at bank and in hand	778,094		1,250,915
Bank overdraft	(13,149)		(12,622)
Debts falling due within one year	(25,000)		(25,000)
Debts falling due after one year	(355,819)		(335,551)
	<u>384,126</u>		<u>877,742</u>

**Notes to the Financial Statements
for the Year Ended 31 December 2001**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

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.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the director, there is reasonable probability that the liability will not arise in the foreseeable future.

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 of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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

	2001 £	2000 £
Wages and salaries	349,204	219,074
Social security costs	29,824	22,261
Other pension costs	29,889	69,000
	<u>408,917</u>	<u>310,335</u>

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

	2001	2000
Management and administration	3	4
Insurance broking	7	3
	<u>10</u>	<u>7</u>

**Notes to the Financial Statements
for the Year Ended 31 December 2001**

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2001	2000
	£	£
Depreciation - owned assets	26,770	28,487
(Profit)/Loss on disposal of fixed assets	(9,998)	5,176
Auditors' remuneration	7,000	6,500
	<u> </u>	<u> </u>
Director's emoluments	103,220	97,332
Director's pension contributions to money purchase schemes	25,000	66,000
	<u> </u>	<u> </u>

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

	1	1
	=	=

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2001	2000
	£	£
Bank interest	15,995	13,907
Loan interest	12,148	18,418
Hire purchase	-	1,132
	<u> </u>	<u> </u>
	28,143	33,457
	<u> </u>	<u> </u>

5. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	2001	2000
	£	£
UK corporation tax	54,000	38,000
	<u> </u>	<u> </u>

6. DIVIDENDS

	2001	2000
	£	£
Equity shares:		
Interim paid	60,000	39,000
	<u> </u>	<u> </u>

Notes to the Financial Statements
for the Year Ended 31 December 2001

7. TANGIBLE FIXED ASSETS

	Leasehold property	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
COST:				
At 1 January 2001	422,175	65,053	59,246	546,474
Additions	2,600	1,530	30,105	34,235
Disposals	-	-	(28,306)	(28,306)
At 31 December 2001	424,775	66,583	61,045	552,403
DEPRECIATION:				
At 1 January 2001	16,886	43,457	29,934	90,277
Charge for year	8,443	8,766	9,561	26,770
Eliminated on disposals	-	-	(28,304)	(28,304)
At 31 December 2001	25,329	52,223	11,191	88,743
NET BOOK VALUE:				
At 31 December 2001	399,446	14,360	49,854	463,660
At 31 December 2000	405,289	21,596	29,312	456,197

8. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	2001 £	2000 £
Trade debtors	478,871	224,527
Other debtors	354	354
Prepayments & accrued income	7,025	5,893
Amount due by parent undertaking	18,425	18,425
	504,675	249,199

9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank loans and overdrafts (see note 11)	37,622	38,149
Trade creditors	1,041,126	563,238
Other creditors	40,000	-
Social security & other taxes	11,866	8,416
Taxation	54,434	38,232
Accrued expenses	78,508	10,221
	1,263,556	658,256

Notes to the Financial Statements
for the Year Ended 31 December 2001

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

	2001 £	2000 £
Bank loans (see note 11)	185,551	205,819
Unsecured loan (see note 11)	150,000	150,000
	<u>335,551</u>	<u>355,819</u>

11. LOANS AND OVERDRAFTS

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

	2001 £	2000 £
Amounts falling due within one year or on demand:		
Bank overdrafts	12,622	13,149
Bank loans	25,000	25,000
	<u>37,622</u>	<u>38,149</u>
Amounts falling due between one and two years:		
Bank loans	<u>25,000</u>	<u>25,000</u>
Amounts falling due between two and five years:		
Bank loans	<u>75,000</u>	<u>75,000</u>
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Unsecured loan	<u>150,000</u>	<u>150,000</u>
Repayable by instalments		
Bank loans	<u>85,551</u>	<u>105,819</u>

The bank loan is repayable by 120 equal monthly instalments commencing in December 1999 . Interest is charged at 1.8% above HSBC Bank plc base rate. The unsecured loan is repayable on 31 December 2009 . Interest is charged at 3% over Barclays Bank plc base rate.

**Notes to the Financial Statements
for the Year Ended 31 December 2001**

12. SECURED DEBTS

The following secured debts are included within creditors:

	2001 £	2000 £
Bank loans	<u>210,551</u>	<u>230,819</u>

The bank loan is secured by a fixed charge over the company's leasehold property.

13. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2001 £	2000 £
1,000	Ordinary	1	<u>1,000</u>	<u>1,000</u>

14. ULTIMATE PARENT COMPANY

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

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	210,728	135,481
Dividends	<u>(60,000)</u>	<u>(39,000)</u>
Net addition to shareholders' funds	150,728	96,481
Opening shareholders' funds	<u>469,415</u>	<u>372,934</u>
Closing shareholders' funds	<u>620,143</u>	<u>469,415</u>
Equity interests	<u>620,143</u>	<u>469,415</u>