

**Report of the Director and
Financial Statements
for the Year Ended 31 December 2003
for
Nicholson White & Co Limited**

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Nicholson White & Co Limited

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for the Year Ended 31 December 2003**

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Nicholson White & Co Limited

**Company Information
for the Year Ended 31 December 2003**

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 2003**

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

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

Interim dividends per share were paid as follows:

£100	- 4 June 2003
£150	- 21 July 2003
£100	- 23 December 2003
£350	

The director recommends that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2003 will be £350,000.

DIRECTOR

The director who has served during the year was Mr 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

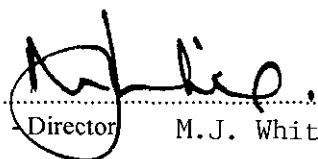
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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:


.....
Director M.J. White

Date:27.2.04.....

**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 2003 on pages four to thirteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members 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 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 2003 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

Date: 4 March 2004

Nicholson White & Co Limited

**Profit and Loss Account
for the Year Ended 31 December 2003**

		2003		2002	
	Notes	£	£	£	£
TURNOVER			1,195,693		1,019,367
Distribution costs		390,305		317,056	
Administrative expenses		530,769		431,772	
			921,074		748,828
OPERATING PROFIT	3		274,619		270,539
Interest receivable and similar income			13,905		15,990
			288,524		286,529
Amounts written off investments	4		(24,540)		28,000
			313,064		258,529
Interest payable and similar charges	5		10,013		22,774
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			303,051		235,755
Tax on profit on ordinary activities	6		57,815		53,000
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			245,236		182,755
Dividends	7		350,000		25,000
			(104,764)		157,755
Retained profit brought forward			776,898		619,143
RETAINED PROFIT CARRIED FORWARD			£672,134		£776,898

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

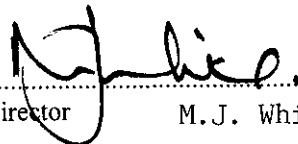
The company has no recognised gains or losses other than the profits for the current and previous years.

Nicholson White & Co Limited

**Balance Sheet
31 December 2003**

	Notes	2003		2002	
		£	£	£	£
FIXED ASSETS:					
Tangible assets	8		434,126		437,657
Investments	9		146,540		122,000
			<u>580,666</u>		<u>559,657</u>
CURRENT ASSETS:					
Debtors	10	391,529		573,165	
Cash at bank and in hand		945,478		898,431	
		<u>1,337,007</u>		<u>1,471,596</u>	
CREDITORS: Amounts falling due within one year	11	<u>1,094,539</u>		<u>1,103,355</u>	
NET CURRENT ASSETS:			<u>242,468</u>		<u>368,241</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			823,134		927,898
CREDITORS: Amounts falling due after more than one year	12		<u>150,000</u>		<u>150,000</u>
			<u>£673,134</u>		<u>£777,898</u>
CAPITAL AND RESERVES:					
Called up share capital	14		1,000		1,000
Profit and loss account			672,134		776,898
SHAREHOLDERS' FUNDS:	16		<u>£673,134</u>		<u>£777,898</u>

ON BEHALF OF THE BOARD:



 - Director M.J. White

Approved by the Board on27.2.04.....

Nicholson White & Co Limited

**Cash Flow Statement
for the Year Ended 31 December 2003**

	Notes	2003		2002	
		£	£	£	£
Net cash inflow from operating activities	1		477,177		106,026
Returns on investments and servicing of finance	2		3,892		(6,784)
Taxation			(54,565)		(53,094)
Capital expenditure	2		(26,569)		(3,347)
Equity dividends paid			(350,000)		(25,000)
			<u>49,935</u>		<u>17,801</u>
Financing	2		-		(210,551)
Increase/(Decrease) in cash in the period			<u><u>£49,935</u></u>		<u><u>£(192,750)</u></u>
Reconciliation of net cash flow to movement in net funds	3				
Increase/(Decrease) in cash in the period			49,935		(192,750)
Cash outflow from decrease in debt			<u>-</u>		<u>210,551</u>
Change in net funds resulting from cash flows			<u>49,935</u>		<u>17,801</u>
Movement in net funds in the period			<u>49,935</u>		<u>17,801</u>
Net funds at 1 January			<u>745,543</u>		<u>727,742</u>
Net funds at 31 December			<u><u>£795,478</u></u>		<u><u>£745,543</u></u>

The notes form part of these financial statements

Nicholson White & Co Limited

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2003**

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

	2003 £	2002 £
Operating profit	274,619	270,539
Depreciation charges	30,000	29,350
Loss on sale of fixed assets	100	-
Decrease/(Increase) in debtors	181,636	(68,490)
Decrease in creditors	(9,178)	(125,373)
Net cash inflow from operating activities	<u>477,177</u>	<u>106,026</u>

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

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	13,905	15,990
Interest paid	(10,013)	(22,774)
Net cash inflow/(outflow) for returns on investments and servicing of finance	<u>3,892</u>	<u>(6,784)</u>
Capital expenditure		
Purchase of tangible fixed assets	(37,219)	(3,347)
Sale of tangible fixed assets	10,650	-
Net cash outflow for capital expenditure	<u>(26,569)</u>	<u>(3,347)</u>
Financing		
Loan repayments in year	-	(210,551)
Net cash outflow from financing	<u>-</u>	<u>(210,551)</u>

Nicholson White & Co Limited

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2003**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.03 £	Cash flow £	At 31.12.03 £
Net cash:			
Cash at bank and in hand	898,431	47,047	945,478
Bank overdraft	(2,888)	2,888	-
	<u>895,543</u>	<u>49,935</u>	<u>945,478</u>
Debt:			
Debts falling due after one year	(150,000)	-	(150,000)
	<u>(150,000)</u>	<u>-</u>	<u>(150,000)</u>
Total	<u>745,543</u>	<u>49,935</u>	<u>795,478</u>
Analysed in Balance Sheet			
Cash at bank and in hand	898,431		945,478
Bank overdraft	(2,888)		-
Debts falling due after one year	(150,000)		(150,000)
	<u>745,543</u>		<u>795,478</u>

**Notes to the Financial Statements
for the Year Ended 31 December 2003**

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.

Leasehold property	- 2% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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

	2003	2002
	£	£
Wages and salaries	578,590	453,284
Social security costs	89,385	32,262
Other pension costs	53,330	52,510
	<u>721,305</u>	<u>538,056</u>

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

	2003	2002
Management and administration	5	4
Insurance broking	8	8
	<u>13</u>	<u>12</u>

**Notes to the Financial Statements
for the Year Ended 31 December 2003**

3. OPERATING PROFIT

The operating profit is stated after charging:

	2003	2002
	£	£
Depreciation - owned assets	30,000	29,350
Loss on disposal of fixed assets	100	-
Auditors' remuneration	10,076	8,872
	<u>326,492</u>	<u>207,376</u>
Director's emoluments	326,492	207,376
Director's pension contributions to money purchase schemes	25,000	25,000
	<u>351,492</u>	<u>232,376</u>

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

	2003	2002
Money purchase schemes	1	1
	<u>1</u>	<u>1</u>

Information regarding the highest paid director is as follows:

	2003	2002
	£	£
Emoluments etc	326,492	207,376
Pension contributions to money purchase schemes	25,000	25,000
	<u>351,492</u>	<u>232,376</u>

4. AMOUNTS WRITTEN OFF INVESTMENTS

	2003	2002
	£	£
Provision against investment	(24,540)	28,000
	<u>(24,540)</u>	<u>28,000</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Bank interest	-	12,274
Loan interest	10,013	10,500
	<u>10,013</u>	<u>22,774</u>

6. TAXATION

Analysis of the tax charge

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

	2003	2002
	£	£
Current tax:		
UK corporation tax	57,815	53,000
	<u>57,815</u>	<u>53,000</u>

Nicholson White & Co Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2003**

6. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	<u>303,051</u>	<u>235,755</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2002 - 19%)	57,580	44,793
Effects of:		
Disallowable expenditure	(1,693)	6,407
Accelerated capital allowances	<u>1,928</u>	<u>1,800</u>
Current tax charge	<u>57,815</u>	<u>53,000</u>

7. DIVIDENDS

	2003 £	2002 £
Equity shares:		
Interim paid	<u>350,000</u>	<u>25,000</u>

8. TANGIBLE FIXED ASSETS

	Leasehold property	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
COST:				
At 1 January 2003	424,775	69,930	61,045	555,750
Additions	-	-	37,219	37,219
Disposals	-	-	(30,940)	(30,940)
At 31 December 2003	<u>424,775</u>	<u>69,930</u>	<u>67,324</u>	<u>562,029</u>
DEPRECIATION:				
At 1 January 2003	33,772	57,926	26,395	118,093
Charge for year	8,443	5,408	16,149	30,000
Eliminated on disposals	-	-	(20,190)	(20,190)
At 31 December 2003	<u>42,215</u>	<u>63,334</u>	<u>22,354</u>	<u>127,903</u>
NET BOOK VALUE:				
At 31 December 2003	<u>382,560</u>	<u>6,596</u>	<u>44,970</u>	<u>434,126</u>
At 31 December 2002	<u>391,003</u>	<u>12,004</u>	<u>34,650</u>	<u>437,657</u>

Nicholson White & Co Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2003**

9. FIXED ASSET INVESTMENTS

Investments (neither listed nor unlisted) were as follows:

	2003	2002
	£	£
Insurance bond	<u>146,540</u>	<u>122,000</u>

**10. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2003	2002
	£	£
Trade debtors	356,893	541,441
Other debtors	354	354
Prepayments & accrued income	15,857	12,945
Amount due by parent undertaking	<u>18,425</u>	<u>18,425</u>
	<u>391,529</u>	<u>573,165</u>

**11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2003	2002
	£	£
Bank loans and overdrafts (see note 13)	-	2,888
Trade creditors	714,788	853,766
Claims creditors	49,267	60,141
Social security & other taxes	12,718	9,589
Taxation	57,590	54,340
Accrued expenses	<u>260,176</u>	<u>122,631</u>
	<u>1,094,539</u>	<u>1,103,355</u>

**12. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	2003	2002
	£	£
Unsecured loan (see note 13)	<u>150,000</u>	<u>150,000</u>

Nicholson White & Co Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2003**

13. LOANS AND OVERDRAFTS

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

	2003 £	2002 £
Amounts falling due within one year or on demand:		
Bank overdrafts	-	2,888
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Unsecured loan	150,000	150,000

The unsecured loan is repayable on 31 December 2009 . Interest is charged at 3% over Barclays Bank plc base rate.

14. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2003 £	2002 £
1,000	Ordinary	1	1,000	1,000

15. ULTIMATE PARENT COMPANY

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

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	245,236	182,755
Dividends	(350,000)	(25,000)
Net (reduction)/addition to shareholders' funds	(104,764)	157,755
Opening shareholders' funds	777,898	620,143
Closing shareholders' funds	673,134	777,898
Equity interests	673,134	777,898