

**Report of the Director and
Financial Statements
for the Year Ended 31 December 2004
for
Nicholson White & Co Limited**



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for the Year Ended 31 December 2004**

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Nicholson White & Co Limited

**Company Information
for the Year Ended 31 December 2004**

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

**Report of the Director
for the Year Ended 31 December 2004**

The director presents his report with the financial statements of the company for the year ended 31 December 2004.

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:

£50	- 17 June 2004
£25	- 4 October 2004
£25	- 2 December 2004
£100	

The director recommends that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2004 will be £100,000.

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

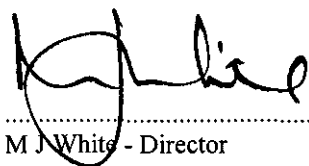
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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:



M J White - Director

Date: 1 March 2005

**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 2004 on pages four to ten. 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 2004 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: 7 March 2005

Nicholson White & Co Limited

**Profit and Loss Account
for the Year Ended 31 December 2004**

	Notes	2004 £	£	2003 £	£
TURNOVER			1,290,407		1,195,693
Distribution costs		356,434		353,168	
Administrative expenses		649,044		567,906	
			<u>1,005,478</u>		<u>921,074</u>
OPERATING PROFIT	3		284,929		274,619
Interest receivable and similar income			19,359		13,905
			<u>304,288</u>		<u>288,524</u>
Amounts written off investments	4		(3,460)		(24,540)
			<u>307,748</u>		<u>313,064</u>
Interest payable and similar charges	5		11,071		10,013
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			296,677		303,051
Tax on profit on ordinary activities	6		61,187		57,815
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			235,490		245,236
Dividends	7		100,000		350,000
RETAINED PROFIT/(DEFICIT) FOR THE YEAR			<u>135,490</u>		<u>(104,764)</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

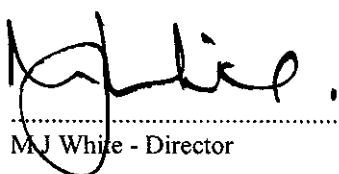
The company has no recognised gains or losses other than the profits for the current and previous years.

Nicholson White & Co Limited

**Balance Sheet
31 December 2004**

		2004	2003
	Notes	£	£
FIXED ASSETS			
Tangible assets	8	440,161	434,126
Investments	9	150,000	146,540
		<u>590,161</u>	<u>580,666</u>
CURRENT ASSETS			
Debtors	10	420,378	391,529
Cash at bank and in hand		1,186,076	945,478
		<u>1,606,454</u>	<u>1,337,007</u>
CREDITORS			
Amounts falling due within one year	11	1,237,991	1,094,539
NET CURRENT ASSETS		<u>368,463</u>	<u>242,468</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>958,624</u>	<u>823,134</u>
CREDITORS			
Amounts falling due after more than one year	12	150,000	150,000
		<u>808,624</u>	<u>673,134</u>
CAPITAL AND RESERVES			
Called up share capital	14	1,000	1,000
Profit and loss account	15	807,624	672,134
SHAREHOLDERS' FUNDS	18	<u>808,624</u>	<u>673,134</u>

ON BEHALF OF THE BOARD:


.....
MJ White - Director

Approved by the Board on 1 March 2005

The notes form part of these financial statements

Notes to the Financial Statements

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.

Short leasehold	- 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

	2004 £	2003 £
Wages and salaries	603,704	578,590
Social security costs	75,967	89,385
Other pension costs	58,575	53,330
	<u>738,246</u>	<u>721,305</u>

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

	2004	2003
Management and administration	6	5
Insurance broking	7	8
	<u>13</u>	<u>13</u>

Notes to the Financial Statements

3. OPERATING PROFIT

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

	2004	2003
	£	£
Depreciation - owned assets	39,926	30,000
(Profit)/Loss on disposal of fixed assets	(11,348)	100
Auditors remuneration	13,620	10,076
	<u> </u>	<u> </u>
Director's emoluments	338,257	326,492
Director's pension contributions to money purchase schemes	24,480	25,000
	<u> </u>	<u> </u>

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

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

Information regarding the highest paid director is as follows:

	2004	2003
	£	£
Emoluments etc	338,257	326,492
Pension contributions to money purchase schemes	24,480	25,000
	<u> </u>	<u> </u>

4. AMOUNTS WRITTEN OFF INVESTMENTS

	2004	2003
	£	£
Provision against investment	(3,460)	(24,540)
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Loan interest	11,071	10,013
	<u> </u>	<u> </u>

6. TAXATION

Analysis of the tax charge

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

	2004	2003
	£	£
Current tax:		
UK corporation tax	61,187	57,815
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	61,187	57,815
	<u> </u>	<u> </u>

UK corporation tax has been charged at 19%

Notes to the Financial Statements

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:

	2004 £	2003 £
Profit on ordinary activities before tax	<u>296,677</u>	<u>303,051</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2003 - 19%)	56,369	57,580
Effects of:		
Disallowable expenditure	3,380	2,732
Accelerated capital allowances	337	1,693
Marginal rates of tax	1,758	473
Release of provision against investment	(657)	(4,663)
Current tax charge	<u>61,187</u>	<u>57,815</u>

7. DIVIDENDS

	2004 £	2003 £
Equity shares:		
Interim paid	<u>100,000</u>	<u>350,000</u>

8. TANGIBLE FIXED ASSETS

	Short leasehold £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 January 2004	424,775	69,930	67,324	562,029
Additions	-	2,863	48,750	51,613
Disposals	-	-	(30,105)	(30,105)
At 31 December 2004	<u>424,775</u>	<u>72,793</u>	<u>85,969</u>	<u>583,537</u>
DEPRECIATION				
At 1 January 2004	42,215	63,334	22,354	127,903
Charge for year	8,443	5,524	25,959	39,926
Eliminated on disposal	-	-	(24,453)	(24,453)
At 31 December 2004	<u>50,658</u>	<u>68,858</u>	<u>23,860</u>	<u>143,376</u>
NET BOOK VALUE				
At 31 December 2004	<u>374,117</u>	<u>3,935</u>	<u>62,109</u>	<u>440,161</u>
At 31 December 2003	<u>382,560</u>	<u>6,596</u>	<u>44,970</u>	<u>434,126</u>

9. FIXED ASSET INVESTMENTS

Notes to the Financial Statements

9. **FIXED ASSET INVESTMENTS - continued**

Investments (neither listed nor unlisted) were as follows:

	2004 £	2003 £
Insurance bond	<u>150,000</u>	<u>146,540</u>

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

	2004 £	2003 £
Trade debtors	383,795	356,893
Other debtors	354	354
Amount due by parent undertaking	18,425	18,425
Prepayments and accrued income	<u>17,804</u>	<u>15,857</u>
	<u>420,378</u>	<u>391,529</u>

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

	2004 £	2003 £
Trade creditors	773,129	714,788
Tax	61,187	57,590
Social security and other taxes	14,760	12,718
Claims creditors	51,480	49,267
Directors' current accounts	82,245	-
Accrued expenses	<u>255,190</u>	<u>260,176</u>
	<u>1,237,991</u>	<u>1,094,539</u>

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

	2004 £	2003 £
Other loans (see note 13)	<u>150,000</u>	<u>150,000</u>

13. **LOANS**

An analysis of the maturity of loans is given below:

	2004 £	2003 £
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Unsecured loan	<u>150,000</u>	<u>150,000</u>

The loan is unsecured and 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:	2004 £	2003 £
1,000	Ordinary	1	<u>1,000</u>	<u>1,000</u>

Notes to the Financial Statements

15. RESERVES

	Profit and loss account £
At 1 January 2004	672,134
Retained profit for the year	135,490
At 31 December 2004	807,624

16. ULTIMATE PARENT COMPANY

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

17. TRANSACTIONS WITH DIRECTOR

During the year Mr M White, a director of the company, purchased a motor vehicle from the company for £17,000.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the financial year	235,490	245,236
Dividends	(100,000)	(350,000)
Net addition/(reduction) to shareholders' funds	135,490	(104,764)
Opening shareholders' funds	673,134	777,898
Closing shareholders' funds	808,624	673,134
Equity interests	808,624	673,134