

Company Number 03633689 (England and Wales)

THOMPSON & RICHARDSON LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended

31 DECEMBER 2004

Formerly T & R (Management) Limited



THOMPSON & RICHARDSON LIMITED

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THOMPSON & RICHARDSON LIMITED

Directors Report for the year ended 31 December 2004

The Directors present their report and the financial statements for the year ended 31 December 2004.

Statement of Directors' Responsibilities

Company law requires the Directors 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 Directors are 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 Directors are responsible for keeping 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 Financial Statements 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.

In the case of each of the persons who are Directors at the time when the Directors report is approved:

- So far as the Director is aware, there is no relevant audit information (information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and

each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

Principal Activities and Review of Business

The principal activity of the Company continued to be that of Insurance Broking.

The results for the year are set out on pages 4 and 5. The Directors consider the profit achieved on ordinary activities before taxation to be more than satisfactory, and look to the future with confidence.

Directors and Directors' Interests

The Directors of the Company and their interests in the Share Capital of the Company are as stated below.

**At the beginning and
end of the year**

	<u>Number</u>	<u>Class</u>
Mr C J Travers	500	Ordinary
Mr M G Roberts	500	Ordinary
Mr P A Harrison	100	'B' Ordinary
Mr A B Sharp	NIL	

THOMPSON & RICHARDSON LIMITED

Directors Report continued

Auditors

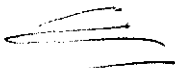
The Auditors, Messrs Lister & Co, Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Dividends

The Directors recommend a final dividend of £37610 on the non-equity shares.

This report was approved by the board on 12 July 2005 and signed on its behalf.


C J Travers


Director

THOMPSON & RICHARDSON LIMITED**Independent Auditors Report
to the Shareholders of Thompson & Richardson Limited**

We have audited the financial statements of Thompson & Richardson Limited for the year ended 31 December 2004 on pages 4 to 17. These financial statements 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 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 that 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, or the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities on page 1, the company's directors are 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 Directors' 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 directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors 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 mis-statement, 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 period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Lister & Co
75 High Street
BOSTON, Lincs



REGISTERED AUDITORS

12 July 2005

THOMPSON & RICHARDSON LIMITED**Trading and Profit and Loss Account for the year ended 31 December 2004**

	£	<u>2004</u> £	£	<u>2003</u> £
Gross Commissions and Fees		992434		202500
<u>Less: Administrative Costs</u>				
Directors' Emoluments	300392		-	
Wages and National Insurance	258769		-	
Pension Scheme Contributions	21966		-	
Telephone Charges	17047		-	
Postage	8660		-	
Printing and Stationery	9814		-	
Advertising	6983		-	
Motor and Travelling Expenses	21817		7464	
Cleaning	10542		-	
Sundry Expenses	16993		10810	
Insurances	31520		4431	
Subscriptions	10349		-	
Audit and Accountancy Fees	11245		1293	
Legal and Professional Fees	2678		1469	
Operating Lease Rentals - Equipment	6026		-	
Computer Expenses	25350		-	
Depreciation	13234		-	
Goodwill Written Off	3582		-	
		776967	25467	
Establishment Costs				
Rent	15500		-	
Rates	4702		-	
Light and Heat	3110		-	
Repairs and Renewals	3791		-	
		27103	-	
Costs carried forward		804070	25467	

THOMPSON & RICHARDSON LIMITED**Trading and Profit and Loss Account continued**

	<u>Note</u>	£	<u>2004</u> £	£	<u>2003</u> £
Gross commission and Fees brought forward		992434		202500	
Costs brought forward		804070		25467	
Finance Costs					
Bad Debts and Debt Collection Costs		(2005)		-	
Credit Card Charges		690		-	
Bank Charges		4695		110	
		3380		110	
			807450		25577
Trading Profit for the year			184984		176923
Add: Operating Lease Income			500		-
Operating Profit	3		185484		176923
Add: Bank Interest Received		15074		-	
Interest Received on Corporation Tax		-		6	
			15074		6
Profit on Ordinary Activities before Interest Paid		200558		176929	
Bank Interest Payable		(229)		36	
Loan Interest		3528		-	
Corporation Tax Interest		44		-	
			3343		36
Profit on Ordinary Activities before Taxation			197215		176893
Taxation	6		50304		53263
Profit on Ordinary Activities after Taxation			146911		123630
Dividend – Non Equity Shares	7		37610		-
Retained Profit for the Year			109301		123630
Retained Profits brought forward			132050		8420
Retained Profits carried forward			241351		132050

THOMPSON & RICHARDSON LIMITED**Balance Sheet at 31 December 2004**

	<u>Note</u>	£	<u>2004</u> £	£	<u>2003</u> £
FIXED ASSETS					
Tangible Assets	9a		53188		-
Goodwill	9b		62780		-
Investments	8		-		10000
			115968		10000
CURRENT ASSETS					
Debtors and Prepayments: due within one year	977421		164225		
Cash at Bank	490772		119825		
Cash in Hand	141		473		
Directors Loans	689		-		
Intercompany – T & R (Management) Ltd	211955		29640		
		1680978		314163	
CREDITORS: due within one year	10	1296665		191013	
NET CURRENT ASSETS			384313		123150
Total Assets less Current Liabilities			500281		133150
CREDITORS: due after one year but within five years	11		250000		-
			250281		133150
Provision for Liabilities and Charges					
Deferred Taxation	16		7830		-
TOTAL NET ASSETS			242451		133150
Represented by:					
CAPITAL RESERVES					
Share Capital – Equity Capital	13	1000		1000	
Non-Equity Capital		100		100	
			1100		1100
Profit and Loss Account			241351		132050
SHAREHOLDERS' FUNDS – all Equity	15		242451		133150

The Financial ~~Statements~~ were approved by the board on 12 July 2005 and signed on its behalf:-

X _____
C J Travers Director

THOMPSON & RICHARDSON LIMITED**Cashflow Statement for the year ended 31 December 2004****Reconciliation of Operating Profit to Net Inflow from Operations**

	<u>Note</u>	<u>2004</u> £	<u>2003</u> £
Operating Profit		185484	176923
Amortisation of Intangible Fixed Assets		3582	-
Depreciation of Tangible Fixed Assets		13234	-
(Increase)/Decrease in Debtors		(996200)	62954
(Decrease)/Increase in Creditors		1029113	(155795)
Net Cash Inflow/(Outflow) from Operations		<u>235213</u>	<u>84082</u>

Cash Flow Statement

Net Cash Inflow/(Outflow) from Operations		235213	84082
Returns on Investments and Servicing of Finance	20	(19012)	(30)
Taxation		(53263)	(70821)
Capital Expenditure	20	(122784)	(2500)
		<u>40154</u>	<u>10731</u>
Financing	20	325000	1000
Increase/(Decrease) in Cash		<u>365154</u>	<u>11731</u>

Reconciliation of Net Cash Flow to movement in net debt (Note 21)

Increase/Decrease)in Cash in Period		365154	11731
New Bank Loans		(325000)	-
Change in net debt		<u>40154</u>	<u>11731</u>
Net Cash/Debt at 1 January	21	<u>120298</u>	<u>108567</u>
Net Cash/Debt at 31 December	21	<u>160452</u>	<u>120298</u>

THOMPSON & RICHARDSON LIMITED**Notes to the Financial Statements for the year ended 31 December 2004****1. ACCOUNTING POLICIES****a) Commissions**

Credit for commissions receivable is taken in respect of Motor and General Business at the time the Renewal premiums are received or become receivable from the policyholders, or where commissions are variable, at the time the policy is settled to the Insurer.

b) Basis of Preparation of Financial Statements

The Financial Statements are prepared under the Historical Cost Convention and applicable accounting standards as modified by the revaluation of certain Fixed Assets and in accordance with applicable accounting standards. They include the results of the Company's operations which are described in the Directors' Report, all of which are continuing.

c) Tangible Fixed Assets and Depreciation

Tangible Fixed Assets are stated at cost or valuation less depreciation.

Depreciation is provided at rates calculated to write off the cost or valuation of Fixed Assets, less their estimated residual value, over their expected useful lives on the following bases.

	%	Method
Computer Equipment	25	Reducing Balance
Office Equipment etc	15	Reducing Balance

d) Hire Purchase Contracts

Assets obtained under hire purchase contracts are capitalised as Tangible Fixed Assets. Assets acquired by hire purchase are depreciated over their useful lives. Obligations under such agreements are included in Creditors net of finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

e) Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Profit and Loss Account as incurred.

f) Pension Contributions

The Company operates four defined contribution pension schemes and the pension charge represents the amounts payable by the Company to the funds in respect of the year.

g) Intangible Fixed Assets and Amortisation

Intangible Fixed Assets are stated at written down value less annual write off. Goodwill is being written off over 20 years, in the opinion of the directors this is the rate at which it will diminish.

h) Deferred Taxation

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

THOMPSON & RICHARDSON LIMITED**Notes to the Financial Statements continued****2. TURNOVER**

The whole of the Turnover from continuing activities is attributable to commissions receivable, from the Business of Insurance Brokers and it all took place in the United Kingdom.

3. OPERATING PROFIT

	<u>2004</u> £	<u>2003</u> £
Operating Profit is after charging:-		
Depreciation of Tangible Fixed Assets		
- Owned by the Company	13234	-
Auditors' Remuneration	11245	1293

4. STAFF COSTS

Staff costs, including directors remuneration were as follows: -

	<u>2004</u> £	<u>2003</u> £
Wages and Salaries	504593	-
Social Security Costs	54568	-
Other Pension Costs	21966	-
	581127	-

The average monthly number of employees, including directors, during the year was as follows: -

	<u>2004</u> £	<u>2003</u> £
Office and Administration	2	-
Broking and Technical	19	-
	21	-

	<u>2004</u> £	<u>2003</u> £
Directors Remuneration		
Emoluments	300392	-
Contributions under money purchase schemes	13764	-
	314156	-

During the year, retirement benefits were accruing to 3 (2003 - 3) in respect of money purchase schemes.

	<u>2004</u> £	<u>2003</u> £
Highest Paid Director	77630	-
Pension Scheme Contributions	15773	-

THOMPSON & RICHARDSON LIMITED**Notes to the Financial Statements continued****5. INTEREST PAYABLE**

	<u>2004</u> £	<u>2003</u> £
Bank Loans	3528	-
Overdraft	(229)	36
Overdue Taxes	44	-
	3343	36

6. TAXATION

	<u>2004</u> £	<u>2003</u> £
Corporation Tax on Profits for the year @ 19/32.75% (2003 - 19/32.75%)	42474	53263
Deferred Tax Charge	7830	-
	50304	53263

The tax assessed for the period is different from the standard rate of UK taxation applicable to the Company of 30% (2003 - 30%). The differences are explained below: -

	<u>2004</u> £	<u>2003</u> £
Profit on ordinary activities before tax	197215	176893
Profit on ordinary activities multiplied by standard rate of 30% (2003 - 30%)	59164	53068
Expenses not deductible for tax purposes	1553	5169
Capital Allowances for the period in excess of depreciation	(12363)	-
Marginal rate relief adjustment	(5880)	(4974)
	42474	53263

7. DIVIDENDS

	<u>2004</u> £	<u>2003</u> £
Non Equity		
- Dividends declared of £376.10 per share (2003 - £0 per share)	37610	-
	37610	-

THOMPSON & RICHARDSON LIMITED**Notes to the Financial Statements continued****8. INVESTMENTS**

	<u>2004</u> £	<u>2003</u> £
Lincoln City Football Club Company Ltd Ordinary Shares at cost	-	10000
Valuation at 31 December 2004 per Directors	-	10000

THOMPSON & RICHARDSON LIMITED

Notes to the Financial Statements continued

9. FIXED ASSETS

a) Tangible Fixed Assets

	<u>Office Equipment</u>	<u>Computer Equipment</u>	<u>Total</u>
	£	£	£
Cost			
Additions	18499	47923	66422
At 31 December 2004	18499	47923	66422
Depreciation			
Charge for the year	2458	10776	13234
At 31 December 2004	2458	10776	13234
Net Book Value at 31 December 2004	16041	37147	53188

THOMPSON & RICHARDSON LIMITED**Notes to the Financial Statements continued****9. FIXED ASSETS continued**

	<u>2004</u> £
b) Goodwill	
Additions during the year	66362
Less: Written off during the year	3582
At the end of the year	62780
Original cost of Goodwill	£66362

10. CREDITORS: amounts due within one year

	<u>2004</u> £	<u>2003</u> £
Trade Creditors	1079344	-
Accruals	45190	1711
Corporation Tax	42474	53263
Intercompany – Thompson & Richardson (Grantham) Ltd	10000	136039
Intercompany Thompson & Richardson (Lincoln) Ltd	17583	-
Other Taxes & Social Security Costs	21613	-
Bank Overdraft (Secured)	5461	-
Bank Loans (Secured)	75000	-
	1296665	191013

11. CREDITORS: due after one year but within five years

	<u>2004</u> £	<u>2003</u> £
Bank Loans (Secured)	250000	-
	250000	-

THOMPSON & RICHARDSON LIMITED**Notes to the Financial Statements continued****12. BANK LOANS**

The Bank Loans outstanding at the year end amounted to £325000 (2003 - £0).

These are payable in annual instalments plus interest as follows: -

	<u>2004</u> £	<u>2003</u> £
Within one year	75000	-
Between one year and two years	50000	-
Between two years and five years	200000	-

13. SHARE CAPITAL

	<u>2004</u>	<u>2003</u>
<u>Authorised</u>		
Equity Ordinary Shares of £1 each	1000	1000
Non - Equity 'B' Ordinary Shares of £1 each	100	100
	1100	1100
<u>Allotted, Called up and Fully Paid</u>		
Equity Ordinary Shares of £1 each	1000	1000
Non - Equity 'B' Ordinary Shares of £1 each	100	100
	1100	1100

The rights attached to the Non-Equity Share Capital are as follows: -

1. Holders shall be entitled to one vote per Ordinary 'B' Share held.
2. Holders have no right to dividends. (Changed to have rights to dividends 1 June 2004)
3. The valuation of the 'B' Ordinary Shares in the event of the sale of the Company will be calculated on a commission based formula as set out in the Shareholders agreement.

14. CAPITAL COMMITMENTS

At the year end the Company had capital commitments not provided for in these accounts as follows:-

	<u>2004</u> £	<u>2003</u> £
Contracted for but not provided in these Financial Statements	NONE	NONE

THOMPSON & RICHARDSON LIMITED**Notes to the Financial Statements continued****15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<u>2004</u> £	<u>2003</u> £
Profit for the year	146911	123630
Dividend Paid	(37610)	-
New Shares Issued during the year	-	1000
	109301	124630
Shareholders Funds at 1 January	133150	8520
Shareholders Funds at 31 December	242451	133150

16. DEFERRED TAXATION

	<u>2004</u> £	<u>2003</u> £
Made up of		
Balance at 1 January	-	-
Transfer to Provision	7830	-
Balance at 31 December	7830	-

The provision for deferred taxation is made up of accelerated capital allowances.

17. RELATED PARTY TRANSACTIONS

Mr C J Travers and Mr M G Roberts are also Directors in Burgess, Thompson & Richardson Limited. During the year the Company was charged by them for services in respect of administration, advertising, printing and sundries a total amount of £293.

Mr C J Travers and Mr M G Roberts are also directors in Thompson & Richardson (Grantham) Limited. There is an amount of £10000 owing to Thompson & Richardson (Grantham) Limited on a temporary loan basis.

Mr C J Travers and Mr M G Roberts are also Directors in Thompson & Richardson (Lincoln) Limited and there is an amount of £17583 owing to Thompson & Richardson (Lincoln) Limited on a temporary loan basis.

Mr C J Travers and Mr M G Roberts are also Directors in T & R (Management) Limited to whom the Company paid rent amounting to £15500. There is a balance of £211955 owing from T & R (Management) Limited at the year end.

THOMPSON & RICHARDSON LIMITED**Notes to the Financial Statements continued****18. PENSION COMMITMENTS**

The Company operates four defined contribution Pension Schemes. The assets of each scheme are held separately from those of the Company in independently administered funds.

The pension cost charge represents contributions payable by the Company to the individual scheme funds as follows:-

Thompson & Richardson Ltd 1987 Retirement Benefits Scheme	£19632
Thompson & Richardson Ltd Group Indepension	£7219
Thompson & Richardson Ltd Staff Retirement Benefits Scheme	£6566
Thompson & Richardson Ltd Directors Executive Personal Pension Plan	£12000
Less amounts recharged to T & R (Management) Ltd	£(23451)

19. OTHER COMMITMENTS

At 31 December 2004 the Company had the following annual commitments under non-cancellable operating leases as follows: -

	<u>2004</u> £	<u>2003</u> £
Within one year	2388	-
Between one and five years	2504	-

20. GROSS CASH FLOWS

	<u>2004</u> £	<u>2003</u> £
Returns on Investments and Servicing of Finance		
Interest Paid	(3343)	(36)
Interest Received	15074	6
Dividends Paid – non-equity shares	(30743)	-
	(19012)	(30)
Capital Expenditure		
Payments to acquire Investment	-	(2500)
Payments to acquire Tangible Fixed Assets	(66422)	-
Payments to acquire Intangible Fixed Assets	(66362)	-
Receipts from sale of Intangible Fixed Assets	10000	-
	(122784)	(2500)
Financing		
Issue of Share Capital	-	1000
Capital Element of Loan Repayments	-	-
New Bank Loans	325000	-
	325000	1000

THOMPSON & RICHARDSON LIMITED**Notes to the Financial Statements continued****21. ANALYSIS OF CHANGES IN NET DEBT**

	Balance 01.01.04	Cash Flows	Balance 31.12.04
Cash in Hand / at Bank	120298	370615	490913
Overdrafts	-	(5461)	(5461)
Total	120298	365154	485452
Bank Loans	-	(325000)	(325000)
Total	120298	40154	160452