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K.E.PETHERWICK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1993



Wilson Sandford & Co.
CHARTERED ACCOUNTANTS

85 Church Road, Hove, East Sussex. BN3 2BB

Telephone: Brighton (0273) 821441 Facsimile: Brighton (0273) 326724



K.E.PETHERWICK LIMITED

COMPANY INFORMATION

Directors:

K.E.Petherwick
S.R.Marriott-Smalley
K.R.Garland
D.A.Thomson

Secretary:

K.R.Garland

Registered Office:

97 Church Street,
Brighton,
East Sussex, BN1 1UJ.

Registered in England on:

19th April 1978

Company No:

1363824

Bankers:

Midland Bank Plc,
125 Church Road,
Hove,
East Sussex,
BN3 2AN.

Auditors:

Wilson Sandford & Co.,
Chartered Accountants,
85 Church Road,
Hove,
East Sussex, BN3 2BB.

K.E.PETHERWICK LIMITED

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FOR THE YEAR ENDED 31ST AUGUST 1993

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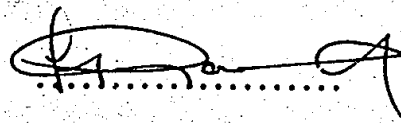
K.E.PETHERWICK LIMITED

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the
Company will be held at REGENT HOUSE on 31 DECEMBER 1993
at 2 p.m. for the following purposes:-

1. To receive the Minutes of the previous Meeting,
as circulated.
2. To receive the Report of the Directors, together with the
Financial Statements of the Company, for the year ended
31st August 1993, as circulated.
3. To re-elect the Directors.
4. To re-appoint the Auditors, Messrs. Wilson Sandford & Co.,
for the year to 31st August 1994, and to authorise the
Directors to fix the remuneration of the Auditors.
5. To transact any other business.

By Order of the Board



K.R. Garland
Secretary

K.E.PETHERWICK LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31ST AUGUST 1993

The Directors present herewith their annual report, together with the audited financial statements of the company for the year ended 31st August 1993.

DIRECTORS RESPONSIBILITIES

Company law requires us 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business;

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable us to ensure that the financial statements comply with the Companies Act 1985. We 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.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £49,336.
A dividend is proposed of £58,125 (1992 £0).

REVIEW OF THE BUSINESS

The company's principal activity in the year under review has continued to be that of Insurance Brokers.

DIRECTORS AND THEIR INTERESTS

The Directors of the company during the year and their interests in the share capital of the company were as follows:

	<u>Number of shares</u>	
	<u>31st August 1993</u>	<u>31st August 1992</u>
K.E.Petherwick	55,000	55,000
S.R.Marriott-Smalley	18,000	18,000
K.R.Garland	13,500	13,500
D.A.Thomson	13,500	13,500

K.E.Petherwick is a partner in Keith Petherwick and Partners. Commissions are received from and paid to the partnership on a normal commercial basis.

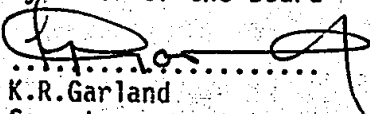
FIXED ASSETS

Movements in fixed assets during the year are recorded in the notes to the financial statements.

AUDITORS

It is proposed that the company's present auditors, Wilson Sandford & Co. be re-appointed as auditors to the company in accordance with Section 384 of the Companies Act 1985.

By Order of the Board


K.R.Garland
Secretary

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REPORT OF THE AUDITORS
TO THE MEMBERS OF K.E.PETHERWICK LIMITED

We have audited the financial statements on pages 4 to 12 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 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form our independent opinion, based on our audit on those statements and to report our opinion to you.

Basis of opinion

We have 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 have 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 of 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 31st August 1993 and of its profit/loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985 (as applicable to small companies).

85 Church Road
Hove
BN3 2BB

24th November 1993


.....
Wilson Sandford & Co.
Chartered Accountants
& Registered Auditors

K.E.PETHERWICK LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31ST AUGUST 1993

		Continuing operations	Continuing operations
	Notes	£ <u>1993</u> £	£ <u>1992</u> £
TURNOVER	2	606,645	523,973
ADMINISTRATION COSTS		548,386	481,764
Other operating income	3	58,259 14,420	42,209 9,772
OPERATING PROFIT	4/5	72,679	51,981
Interest payable	6	(5,264)	(12,611)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		67,415	39,370
Tax on ordinary activities	7	18,079	12,435
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		49,336	26,935
Dividends	8	50,125	-
		(8,789)	26,935
RETAINED PROFIT BROUGHT FORWARD		27,068	133
RETAINED PROFIT CARRIED FORWARD		<u>£ 18,279</u>	<u>£ 27,068</u>

There were no recognised gains and losses other than those recognised in the profit and loss account.

The notes on pages 6 to 12 form part of these financial statements

K.E.PETHERWICK LIMITED**BALANCE SHEET****AS AT 31ST AUGUST 1993**

	<u>Notes</u>	£	<u>1993</u> £	£	<u>1992</u> £
FIXED ASSETS					
Intangible assets	9		59,850		68,400
Tangible assets	10		78,403		69,273
			<u>138,253</u>		<u>137,673</u>
CURRENT ASSETS					
Debtors	11	468,321		452,837	
Cash at bank and in hand		79,778		7,287	
		<u>548,099</u>		<u>460,124</u>	
CREDITORS - amounts falling due within one year	12	(559,218)		(463,354)	
NET CURRENT (LIABILITIES)			<u>(11,119)</u>		<u>(3,230)</u>
ASSETS LESS CURRENT LIABILITIES			127,134		134,443
CREDITORS - amounts falling due after more than one year	13		(8,855)		(7,375)
NET ASSETS			<u>£ 118,279</u>		<u>£ 127,068</u>

Financed by:

CAPITAL AND RESERVES

Called up share capital	14	100,000	100,000
Profit and loss account		18,279	27,068
		<u>£ 118,279</u>	<u>£ 127,068</u>

These Financial Statements were approved by
the Board of Directors on 24th November 1993.

.....
K.E.Petherwick
(On behalf of the Board)

The notes on pages 6 to 12 form part of these financial statements

K.E.PETHERWICK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Accounting conventions

The financial statements are prepared under the historical cost convention.

1.2 Turnover

This represents commissions earned by the company during the year.

1.3 Depreciation of intangible assets

The Company's policy is to write off goodwill evenly over its economic life of 10 years.

1.4 Depreciation of tangible assets

Provision is made for depreciation on all tangible assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Leasehold improvements:	20% per annum on reducing balance
Furniture and equipment:	20% per annum on reducing balance
Motor vehicles:	25% per annum on reducing balance
Computer equipment:	33.3% per annum on cost

1.5 Deferred taxation

Provision for deferred taxation is made under the liability method only to the extent that it is possible that the liability will become payable in the foreseeable future.

1.6 Cash flow statement

The company qualifies as a small company under Section 247 of the Companies Act 1985 and is exempt from preparing a Cash Flow Statement under the provisions of the Financial Reporting Standard 1.

1.7 Leasing

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included under creditors.

2. TURNOVER

The turnover and pre-tax Profit are wholly attributable to the company's main activity.

The turnover arises entirely in the U.K.

K.E.PETHERWICK LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****3. OTHER OPERATING INCOME**

<u>1993</u>	<u>1992</u>
<u>£</u>	<u>£</u>
Interest receivable	4,647
Rent receivable	5,125
<u>£ 14,420</u>	<u>£ 9,772</u>

4. OPERATING PROFIT

This is stated after charging (crediting):

<u>1993</u>	<u>1992</u>
<u>£</u>	<u>£</u>
Staff costs (see note 5)	332,426
Auditors' remuneration	2,450
Depreciation of owned fixed assets	21,658
Depreciation of fixed assets under finance	12,967
Adjustment on disposal of fixed assets	-
	2,404

K.E.PETHERWICK LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****5. EMPLOYEE INFORMATION****5.1 Staff costs:**

	<u>1993</u> £	<u>1992</u> £
Wages and salaries	303,254	249,976
Social security costs	29,172	24,258
Other costs	-	8,713
	<u>£ 332,426</u>	<u>£ 282,947</u>

5.2 The average weekly number of employees during the year was made up as follows:

	<u>No.</u>	<u>No.</u>
Office and management	22	21
	<u>22</u>	<u>21</u>

5.3 Directors' emoluments:

Fees and salaries	<u>117,582</u>	<u>113,070</u>
	<u>£ 117,582</u>	<u>£ 113,070</u>

**Further details, excluding pension contributions:
Highest paid director**

<u>31,560</u>	<u>26,400</u>
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Chairman's emoluments

<u>28,471</u>	<u>23,710</u>
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Other directors' emoluments fell within the following ranges:

	<u>No.</u>	<u>No.</u>
£10,001 - £15,000	-	1
£15,001 - £20,000	-	-
£20,001 - £25,000	-	-
£25,001 - £30,000	1	2
£30,001 - £35,000	1	-
	<u>2</u>	<u>3</u>

6. INTEREST PAYABLE

	<u>1993</u> £	<u>1992</u> £
On bank overdrafts repayable within 5 years	1,797	3,314
On loans repayable within 5 years	3,467	8,855
On other loans	-	442
	<u>£ 5,264</u>	<u>£ 12,611</u>

K.E.PETHERWICK LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****7. TAXATION**

	<u>1993</u> £	<u>1992</u> £
7.1 The tax charge on the Profit on ordinary activities for the year was as follows:		
U.K corporation tax at 25% (1992 - 25%)	19,366	13,423
	<u>19,366</u>	<u>13,423</u>
Taxation (over)/underprovided in previous years:		
Corporation tax	(1,287)	(988)
	<u>£ 18,079</u>	<u>£ 12,435</u>

7.2 The company is a close company within the terms of section 414 of the Taxes Act 1988

8. DIVIDENDS

	<u>1993</u> £	<u>1992</u> £
Dividend paid: 0.581p per share.	58,125	-

9. INTANGIBLE FIXED ASSETS

	<u>Goodwill</u> £
Cost:	
At 1st September 1992 and At 31st August 1993	85,500
Amortisation:	
At 1st September 1992	17,100
Charge for year	8,550
At 31st August 1993	<u>25,650</u>
Net book value at 31st August 1993	£ 59,850
Net book value at 31st August 1992	<u>£ 68,400</u>

K.E.PETHERWICK LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****10. TANGIBLE FIXED ASSETS**

	<u>Leasehold additions</u> £	<u>Furniture and equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
Cost:				
At 1st September 1992	7,001	94,934	45,750	147,685
Additions	-	35,205	-	35,205
At 31st August 1993	<u>7,001</u>	<u>130,139</u>	<u>45,750</u>	<u>182,890</u>
Depreciation:				
At 1st September 1992	5,714	60,194	12,504	78,412
Charge for year	257	17,506	8,312	26,075
At 31st August 1993	<u>5,971</u>	<u>77,700</u>	<u>20,816</u>	<u>104,487</u>
Net book value at 31st August 1993	<u>£ 1,030</u>	<u>£ 52,439</u>	<u>£ 24,934</u>	<u>£ 78,403</u>
Net book value at 31st August 1992	<u>£ 1,287</u>	<u>£ 34,740</u>	<u>£ 33,246</u>	<u>£ 69,273</u>

Included in the amounts for assets above are the following amounts relating to leased assets and assets which are subject to hire purchase contracts:

	<u>Finance leases</u>	<u>Hire purchase contracts</u>
Cost:		
At 1st September 1992	9,692	38,000
At 31st August 1993	18,054	38,000
Accumulated depreciation:		
At 1st September 1992	4,730	10,203
At 31st August 1993	6,018	17,152
Net book value:		
At 31st August 1993	<u>£ 12,036</u>	<u>£ 20,848</u>
At 31st August 1992	<u>£ 4,962</u>	<u>£ 27,797</u>

K.E.PETHERWICK LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued**

11. DEBTORS	<u>1993</u> £	<u>1992</u> £
Trade debtors	440,644	429,113
Other debtors	7,379	15,592
Prepayments	11,934	7,188
Directors' current accounts	8,364	944
	<u>£468,321</u>	<u>£452,837</u>

12. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1993</u> £	<u>1992</u> £
Bank loans and overdraft	16,373	17,250
Obligations under lease and hire purchase contracts	12,059	10,702
Trade creditors	457,676	397,610
Corporation tax	2,491	13,423
Other taxes and social security costs	11,358	6,671
Directors' current accounts	1,496	469
Other creditors	12,702	8,864
Accruals	28,188	8,365
Related advance corporation tax	16,875	-
	<u>£559,218</u>	<u>£463,354</u>

The Midland Bank holds, as security, a fixed and floating charge over the assets of the company but excluding any assets, the charging of which would constitute a breach of Insurance Brokers Registration Council (Accounts and Business Requirements) rules. The bank also holds guarantees given by the directors.

13. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	<u>1993</u> £	<u>1992</u> £
Obligations under lease and hire purchase contracts	8,855	7,375
	<u>£ 8,855</u>	<u>£ 7,375</u>

K.E.PETHERWICK LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****14. SHARE CAPITAL**

	<u>Authorised</u>	<u>Allotted, issued and fully paid</u>	
	<u>£</u>	<u>1993 £</u>	<u>1992 £</u>
100,000 Ordinary shares of £1 each	100,000	100,000	100,000
10,000 Non Voting A shares of 10p each	1,000	-	-
10,000 Non Voting B shares of 10p each	1,000	-	-
	<u>£102,000</u>	<u>£100,000</u>	<u>£100,000</u>

15. COMMITMENTS AND CONTINGENT LIABILITIES**COMMITMENTS**

Based on these financial statements a commitment exists in respect of payments due to employees under a Profit Related Pay scheme of £16,328 calculated on the adjusted profits for this profit period.

16. TRANSACTIONS WITH DIRECTORS

During the year the following interest free loans were made to directors:

	<u>Maximum during year £</u>	<u>Balance at 31st August 1993 £</u>
K.E.Petherwick	37,730	5,761
S.R.Marriott-Smalley	13,066	2,603
K.R.Garland	7,099	-
D.A.Thomson	7,099	-
		<u>£ 8,364</u>