

Report of the Directors and
Audited Financial Statements for the Year Ended 31 July 2004
for
Cotson Reddish & Co. (Insurance Brokers)
Limited



Cotson Reddish & Co. (Insurance Brokers)
Limited

Company Information
for the Year Ended 31 July 2004

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**Cotson Reddish & Co. (Insurance Brokers)
Limited**

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

DIRECTORS:

Mr D Cotson
Mrs S Cotson
Mr A Cotson

SECRETARY:

Mr D Cotson

REGISTERED OFFICE:

The Old Bank
1 Albert Road
Saltaire
Shipley
West Yorkshire
BD18 4NR

REGISTERED NUMBER:

1184957 (England and Wales)

AUDITOR:

Paul Watts
Chartered Certified Accountant
Coniston Lodge
Long Royd Close
Baildon
Shipley
BD17 6TP

**Cotson Reddish & Co. (Insurance Brokers)
Limited**

**Report of the Directors
for the Year Ended 31 July 2004**

The directors present their report with the financial statements of the company for the year ended 31 July 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a general insurance broker and investment agency.

DIRECTORS

The directors during the year under review were:

Mr D Cotson
Mrs S Cotson
Mr A Cotson

The beneficial interests of the directors holding office on 31 July 2004 in the issued share capital of the company were as follows:

	31.7.04	1.8.03
Ordinary £1 shares		
Mr D Cotson	550	1,099
Mrs S Cotson	550	1
Mr A Cotson	-	-

STATEMENT OF DIRECTORS' RESPONSIBILITIES

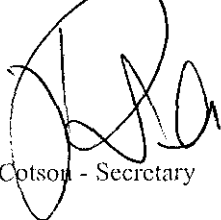
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



Mr D Cotson - Secretary

31 March 2005

**Report of the Independent Auditor to the Shareholders of
Cotson Reddish & Co. (Insurance Brokers)
Limited**

I have audited the financial statements of Cotson Reddish & Co. (Insurance Brokers) Limited for the year ended 31 July 2004 on pages four to fifteen. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), 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. My audit work has been undertaken so that I might state to the company's members those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's members as a body, for my audit work, for this report, or for the opinions I have formed.

Respective responsibilities of directors and auditor

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. I also report to you if, in my opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

I read the Report of the Directors and consider the implications for my report if I become aware of any apparent misstatements within it.

Basis of audit opinion

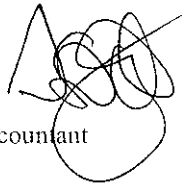
I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Paul Watts
Chartered Certified Accountant
Coniston Lodge
Long Royd Close
Baildon
Shipley
BD17 6TP



31 March 2005

**Cotson Reddish & Co. (Insurance Brokers)
Limited**

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

		31.7.04	31.7.03
	Notes	£	£
TURNOVER		229,541	237,701
Administrative expenses		204,999	197,820
		24,542	39,881
Other operating income		6,000	6,000
OPERATING PROFIT	2	30,542	45,881
Interest receivable and similar income		837	780
		31,379	46,661
Interest payable and similar charges	3	9,106	10,233
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		22,273	36,428
Tax on profit on ordinary activities	4	3,278	6,849
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		18,995	29,579
Dividends		49,724	29,624
		(30,729)	(45)
Retained profit brought forward		33,057	33,102
RETAINED PROFIT CARRIED FORWARD		£2,328	£33,057

The notes form part of these financial statements

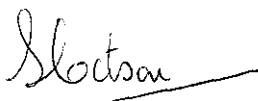
**Cotson Reddish & Co. (Insurance Brokers)
Limited**

**Balance Sheet
31 July 2004**

		31.7.04		31.7.03	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	5		121,201		127,608
CURRENT ASSETS:					
Debtors	6	63,573		68,925	
Cash at bank and in hand		37,786		43,033	
		101,359		111,958	
CREDITORS: Amounts falling due within one year	7	131,306		103,532	
NET CURRENT (LIABILITIES)/ASSETS:			(29,947)		8,426
TOTAL ASSETS LESS CURRENT LIABILITIES:			91,254		136,034
CREDITORS: Amounts falling due after more than one year	8		(86,427)		(101,376)
PROVISIONS FOR LIABILITIES AND CHARGES:	11		(1,399)		(501)
			£3,428		£34,157
CAPITAL AND RESERVES:					
Called up share capital	12		1,100		1,100
Profit and loss account			2,328		33,057
SHAREHOLDERS' FUNDS:			£3,428		£34,157

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:



Mrs S Cotson - Director

Approved by the Board on 31 March 2005

**Cotson Reddish & Co. (Insurance Brokers)
Limited**

**Cash Flow Statement
for the Year Ended 31 July 2004**

	31.7.04		31.7.03	
	£	£	£	£
Cash generated from operations				
Operating profit	30,542		45,881	
Reconciliation to cash				
generated from operations:				
Depreciation	7,405		8,856	
Decrease/(Increase) in debtors	5,352		(15,282)	
Increase/(Decrease) in creditors	8,967		(23,437)	
		52,266		16,018
Cash from other sources				
Interest received	837		780	
New bank loan	20,300		-	
		21,137		780
Application of cash				
Interest paid	(8,575)		(9,095)	
Interest element of hire purchase				
payments	(531)		(1,138)	
Taxation paid	(8,175)		(4,766)	
Dividends paid	(52,724)		(26,624)	
Purchase of tangible fixed assets	(998)		-	
Bank loan repayments in year	(17,489)		(1,987)	
		(88,492)		(43,610)
Net decrease in cash		(15,089)		(26,812)
Cash at bank and in hand less overdraft				
at beginning of year		34,577		61,389
Cash at bank and in hand less overdraft				
at end of year		£19,488		£34,577
Consisting of:				
Cash at bank and in hand		37,786		43,033
Overdraft included in				
"bank loans and overdrafts				
falling due within one year"		(18,298)		(8,456)
		£19,488		£34,577

The notes form part of these financial statements

**Cotson Reddish & Co. (Insurance Brokers)
Limited**

**Notes to the Financial Statements
for the Year Ended 31 July 2004**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 1% on cost
Sign	- 25% on reducing balance
Office fixtures & fittings	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance
Office equipment	- 25% on reducing balance

Deferred tax

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

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

2. OPERATING PROFIT

The operating profit is stated after charging:

	31.7.04	31.7.03
	£	£
Depreciation - owned assets	4,046	4,378
Depreciation - assets on hire purchase contracts	3,359	4,478
Auditor's remuneration	2,585	2,894
	<u>66,651</u>	<u>71,688</u>
Directors' emoluments and other benefits etc	<u>66,651</u>	<u>71,688</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges includes the following:

	31.7.04	31.7.03
	£	£
Bank interest	442	440
Mortgage interest	8,133	8,655
	<u>8,575</u>	<u>9,095</u>

**Cotson Reddish & Co. (Insurance Brokers)
Limited**

**Notes to the Financial Statements
for the Year Ended 31 July 2004**

4. TAXATION

Analysis of the tax charge

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

	31.7.04	31.7.03
	£	£
Current tax:		
UK corporation tax	2,380	8,182
Deferred taxation	898	(1,333)
Tax on profit on ordinary activities	<u>3,278</u>	<u>6,849</u>

UK corporation tax has been charged at 11.89% (2003 - 18.40%).

5. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery etc	Totals
	£	£	£
COST:			
At 1 August 2003	100,625	113,561	214,186
Additions	-	998	998
At 31 July 2004	<u>100,625</u>	<u>114,559</u>	<u>215,184</u>
DEPRECIATION:			
At 1 August 2003	7,042	79,536	86,578
Charge for year	1,006	6,399	7,405
At 31 July 2004	<u>8,048</u>	<u>85,935</u>	<u>93,983</u>
NET BOOK VALUE:			
At 31 July 2004	<u>92,577</u>	<u>28,624</u>	<u>121,201</u>
At 31 July 2003	<u>93,583</u>	<u>34,025</u>	<u>127,608</u>

**Cotson Reddish & Co. (Insurance Brokers)
Limited**

**Notes to the Financial Statements
for the Year Ended 31 July 2004**

5. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery etc
	£
COST:	
At 1 August 2003 and 31 July 2004	23,883
DEPRECIATION:	
At 1 August 2003	10,449
Charge for year	3,359
At 31 July 2004	13,808
NET BOOK VALUE:	
At 31 July 2004	10,075
At 31 July 2003	13,434

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

	31.7.04 £	31.7.03 £
Trade debtors	49,055	50,071
Other debtors	3,427	9,393
Prepayments	5,124	2,228
Loan-Cotson Reddish & Partners	3,551	7,043
Directors loan accounts	2,416	190
	<u>63,573</u>	<u>68,925</u>

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

	31.7.04 £	31.7.03 £
Bank loans and overdrafts	25,298	11,056
Hire purchase contracts	13,360	4,224
Insurance companies	63,386	58,138
Clients credit balances	3,422	2,915
Directors loan - S Cotson	-	92
Directors loan - D Cotson	13,397	228
Dividend proposed	-	3,000
Social security & other taxes	2,841	4,319
Taxation	2,374	8,169
Accrued expenses	7,228	11,391
	<u>131,306</u>	<u>103,532</u>

**Cotson Reddish & Co. (Insurance Brokers)
Limited**

**Notes to the Financial Statements
for the Year Ended 31 July 2004**

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

	31.7.04	31.7.03
	£	£
Bank loans	86,427	88,016
Hire purchase contracts	-	13,360
	<u>86,427</u>	<u>101,376</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans	<u>54,927</u>	<u>76,516</u>

9. OPERATING LEASE COMMITMENTS

The following payments are committed to be paid within one year:

	31.7.04	31.7.03
	£	£
Expiring:		
Within one year	844	-
Between one and five years	5,580	1,126
	<u>6,424</u>	<u>1,126</u>

10. SECURED DEBTS

The following secured debts are included within creditors:

	31.7.04	31.7.03
	£	£
Bank loans	<u>93,427</u>	<u>90,616</u>

The bank mortgage is secured by a first charge on the companys' premises at 1 Albert Road, Saltaire, Shipley.

11. PROVISIONS FOR LIABILITIES AND CHARGES

	31.7.04	31.7.03
	£	£
Deferred taxation	<u>1,399</u>	<u>501</u>
	Deferred	
	tax	
	£	
Balance at 1 August 2003	501	
Provision	<u>898</u>	
Balance at 31 July 2004	<u>1,399</u>	

**Cotson Reddish & Co. (Insurance Brokers)
Limited**

**Notes to the Financial Statements
for the Year Ended 31 July 2004**

12. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	31.7.04	31.7.03
		value:	£	£
10,000	Ordinary	£1	10,000	10,000
			<u> </u>	<u> </u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal	31.7.04	31.7.03
		value:	£	£
1,100	Ordinary	£1	1,100	1,100
			<u> </u>	<u> </u>

13. TRANSACTIONS WITH DIRECTORS

The following loans to directors subsisted during the year ended 31 July 2004:

	£
Mr D Cotson	
Balance outstanding at start of year	-
Balance outstanding at end of year	-
Maximum balance outstanding during year	<u>11,255</u>

Mrs S Cotson	
Balance outstanding at start of year	-
Balance outstanding at end of year	955
Maximum balance outstanding during year	<u>955</u>

Mr A Cotson	
Balance outstanding at start of year	190
Balance outstanding at end of year	1,461
Maximum balance outstanding during year	<u>1,461</u>

The company made the following loans to its directors or businesses associated with its directors during the year:

	Cotson Reddish & Partners £
Opening balance 1.8.03	7,043
Movement during the year	3,492
Closing balance 31.7.04	3,551
Maximum balance in the year	7,043

The company received fees of £6,000 (2003 - £6,000) from a business in which Mr D Cotson and Mrs S Cotson held a 50% equity holding. This transaction was made on normal commercial terms.

14. BROKERAGE AND COMMISSION INCOME

Brokerage and commission income is credited to the profit and loss account on the following basis: new policies - commission is taken on the inception of the policy; renewed policies - commission is taken when the policy is renewed by the client.

**Cotson Reddish & Co. (Insurance Brokers)
Limited**

**Notes to the Financial Statements
for the Year Ended 31 July 2004**

15. CONTROL RELATIONSHIPS

The company is jointly controlled by Mr D Cotson and Mrs S Cotson, directors of the company, who each hold 50% of the issued voting share capital.

**Cotson Reddish & Co. (Insurance Brokers)
Limited**

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

	31.7.04		31.7.03	
	£	£	£	£
Income:				
Brokerage and commission	189,384		196,434	
Building society commissions	40,157		41,267	
		229,541		237,701
Other income:				
Management fees	6,000		6,000	
Deposit account interest	837		780	
		6,837		6,780
		236,378		244,481
Expenditure:				
Directors' remuneration	52,066		55,915	
Social security	6,353		6,440	
Pensions paid	349		349	
Wages	52,588		48,604	
Social security	3,184		2,580	
Telephone	8,925		5,886	
Postage, stationery & adverts	12,466		10,475	
Motor & travel expenses	9,222		8,628	
Repairs & renewals	3,727		5,824	
Rental of computer software	9,429		9,526	
Cleaning	949		1,091	
Subscriptions & licences	2,746		2,061	
Sundry expenses	6,189		6,686	
Auditors remuneration	2,585		2,894	
Legal fees	255		-	
Commission paid	3,500		2,000	
Rates & water	5,865		5,834	
Insurance	12,179		9,965	
Light & heat	3,788		3,155	
		196,365		187,913
		40,013		56,568
Finance costs:				
Bank interest	442		440	
Mortgage interest	8,133		8,655	
Hire purchase	531		1,138	
Bank charges	1,229		1,051	
		10,335		11,284
Carried forward		29,678		45,284

This page does not form part of the statutory financial statements

**Cotson Reddish & Co. (Insurance Brokers)
Limited**

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

	31.7.04		31.7.03	
	£	£	£	£
Brought forward		29,678		45,284
Depreciation:				
Freehold property	1,006		1,006	
Sign	92		123	
Office fixtures & fittings	1,571		1,746	
Motor vehicles	3,359		4,478	
Office equipment	1,377		1,503	
		7,405		8,856
NET PROFIT		<u>£22,273</u>		<u>£36,428</u>