

JAMES & LINDSAY LIMITED

(COMPANY No. 641197)

STATEMENT OF ACCOUNTS

YEAR ENDED 31st MARCH 1997



JAMES & LINDSAY LIMITED

(COMPANY No. 641197)

REPORT OF THE DIRECTORS

The Directors present their Annual Report and the audited Accounts for the year ended 31st March 1997.

BUSINESS REVIEW

The principal activity of the Company continues to be insurance broking.

The Company's wholly-owned Subsidiary, James & Lindsay (Life & Pensions) Ltd. ceased to trade on the 31st December 1983. The Directors are of the opinion that the Shares in that Company have no value and their cost was written off in the year ended 31st March 1985.

	<u>1997</u>	<u>1996</u>
(Loss)/Profit for the Year before Taxation	(12821)	27598
Taxation	<u>2716</u>	<u>159</u>
	(15537)	27439
Proposed Dividend	<u>-</u>	<u>20000</u>
	(15537)	7439
Retained Profits brought forward	<u>188087</u>	<u>180648</u>
Retained Profits carried forward	<u>£172550</u>	<u>£188087</u>

PROPOSED DIVIDEND

The Directors do not recommend that a dividend be paid this year (1996 - £40).

DIRECTORS

The names of the Directors and their interests in the Shares of the Company, all of which are beneficial, are as follows:-

	<u>31.3.96</u>
	<u>&amp;</u>
	<u>31.3.97</u>
Mr. Leonard Arthur Edward Nieuwenhuis	340
Mrs. Julie Ann Nieuwenhuis	160
Mr. Peter Hugh Taylor	-
Mr. Colin Graham Sidney Perkins - Resigned 2nd October 1996	-

Mr. P. H. Taylor retires by rotation and being eligible offers himself for re-election.

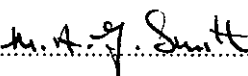
TAX STATUS

In the opinion of the Directors the close company provisions of the Income and Corporation Taxes Act 1988 apply to the Company.

AUDITORS

The Auditors, Richard Sexton & Co., Chartered Accountants, offer themselves for re-appointment under Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

  
.....

JAMES & LINDSAY LIMITED

7 EAST STOCKWELL STREET,

COLCHESTER, ESSEX

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare Accounts for each financial year which give a true and fair view of the state of the Company and of its profit or loss for that period. In preparing these Accounts, the Directors are required to:-

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also 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 accounts 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.

AUDITORS' REPORT TO THE MEMBERS OF

JAMES & LINDSAY LIMITED

We have audited the Accounts on pages 4 to 13.

**Respective responsibilities of Directors and Auditors.** As described on page 2 the Company's Directors are responsible for the preparation of Accounts. It is our responsibility to form an independent opinion, based on our audit, on those Accounts and to report our opinion to you.

**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 Accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Accounts, 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 Accounts 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 Accounts.

**Opinion.** In our opinion the Accounts give a true and fair view of the state of affairs of the Company as at 31st March 1997 and of its loss and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Richard Sexton & Co.*

RICHARD SEXTON & CO.  
CHARTERED ACCOUNTANTS  
AND REGISTERED AUDITORS

ST. MARGARET'S,  
3 MANOR ROAD,  
COLCHESTER, ESSEX

3rd SEPTEMBER 1997

JAMES & LINDSAY LIMITED

7 EAST STOCKWELL STREET,

COLCHESTER, ESSEX

PROFIT & LOSS ACCOUNT  
YEAR ENDED 31st MARCH 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
Turnover	2	476580	511777
Administrative Expenses	3	(491542)	(522529)
Operating (Loss)		(14962)	(10752)
Dividends & Interest Receivable	6	4059	6950
Interest Payable	7	(1918)	(5218)
(Loss) on Ordinary Activities before Taxation and Exceptional Items		(12821)	(9020)
Exceptional Items	8	—	36618
(Loss)/Profit on Ordinary Activities before Taxation		(12821)	27598
Taxation on Ordinary Activities	9	2716	159
(Loss)/Profit on Ordinary Activities after Taxation		(15537)	27439
Proposed Dividend		—	20000
(Loss)/Retained Profit for year		(£15537)	£7439

All amounts relate to continuing operations.

The Company has no recognised gains or losses other than the retained profit for the year.

The retained profit for the year is equivalent to the historical cost profit.

JAMES & LINDSAY LIMITED

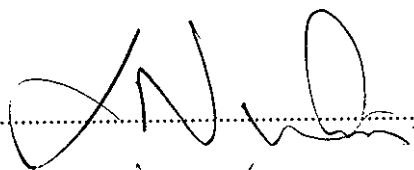
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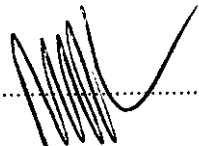
COLCHESTER, ESSEX

BALANCE SHEET

31st MARCH 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
<u>FIXED ASSETS:</u>			
Intangible Assets	10	13029	16286
Tangible Assets	11	<u>198971</u>	<u>201546</u>
		212000	217832
<u>CURRENT ASSETS:</u>			
Debtors	12	79191	92562
Investments	13	26170	24305
Cash at Bank & In Hand	14	<u>76447</u>	<u>153517</u>
		181808	270384
<u>Creditors:</u> Amounts falling due within one year	15	<u>(185071)</u>	<u>(269837)</u>
Net Current (Liabilities)/Assets		( 3263)	<u>547</u>
Total Assets less Current Liabilities		208737	218379
<u>Creditors:</u> Amounts falling due after more than one year	16	<u>(33087)</u>	<u>(29192)</u>
		175650	189187
Provision for Liabilities & Charges	17	<u>( 2600)</u>	<u>(600)</u>
		<u>£173050</u>	<u>£188587</u>
<u>CAPITAL &amp; RESERVES:</u>			
Called up Share Capital	18	500	500
Profit & Loss Account		<u>172550</u>	<u>188087</u>
EQUITY SHAREHOLDERS' FUNDS	19	<u>£173050</u>	<u>£188587</u>

..... DIRECTOR

..... DIRECTOR

The Accounts were approved by the Board of Directors on 3rd September 1997.

JAMES & LINDSAY LIMITED

7 EAST STOCKWELL STREET,

COLCHESTER, ESSEX

CASH FLOW STATEMENT

YEAR ENDED 31st MARCH 1997

	<u>1997</u>	<u>1996</u>
<b>Reconciliation of operating profit to net cash inflow from operating activities:</b>		
Operating (Loss)	(14962)	(10752)
Depreciation Charges	22022	21997
Amortisation of Goodwill	3257	3257
Profit on disposal of Fixed Assets	(13933)	
Profit on disposal of Investments	(238)	
Decrease in Debtors	7138	42971
(Decrease) in Creditors	(53248)	(45433)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(£49964)</b>	<b>£12040</b>
	=====	=====

**CASH FLOW STATEMENT**

<b>Net cash (outflow)/inflow from operating activities</b>	<b>(49964)</b>	<b>12040</b>
<b>Returns on investments and servicing of finance (Note A)</b>	<b>1984</b>	<b>38164</b>
<b>Taxation</b>	<b>(411)</b>	<b>(15521)</b>
<b>Capital Expenditure (Note A)</b>	<b>(5514)</b>	<b>(13225)</b>
	<b>(53905)</b>	<b>21458</b>
<b>Equity dividend paid</b>	<b>(20000)</b>	<b>(25000)</b>
	<b>(73905)</b>	<b>(3542)</b>
<b>Management of liquid resources (Note A)</b>	<b>(1627)</b>	<b>14963</b>
<b>(Decrease)/Increase in cash</b>	<b>(£75532)</b>	<b>£11421</b>
	=====	=====
<b>Reconciliation of net cash flow to movement in net debt (Note B)</b>		
<b>(Decrease)/Increase in cash</b>	<b>(75532)</b>	<b>11421</b>
<b>Net Funds at 1st April 1996/95</b>	<b>128266</b>	<b>116845</b>
<b>Net Funds at 31st March 1997/96</b>	<b>£52734</b>	<b>£128266</b>
	=====	=====

JAMES & LINDSAY LIMITED

7 EAST STOCKWELL STREET,

COLCHESTER, ESSEX

NOTES TO THE CASH FLOW STATEMENT

	<u>1997</u>	<u>1996</u>
<b>NOTE A - GROSS CASH FLOWS</b>		
<b>Returns on investments and servicing of finance:</b>		
Interest received	3273	6025
Interest paid	(1918)	(5219)
Dividend received	629	740
Profit on Maturity of Endowment Policies	—	36618
	<u>£1984</u>	<u>£38164</u>
	===	===
<b>Capital Expenditure:</b>		
Payments to acquire tangible fixed assets	(39759)	(16890)
Receipts from sales of tangible fixed assets	34245	3665
	<u>(£5514)</u>	<u>(£13225)</u>
	===	===
<b>Management of Liquid Resources:</b>		
Sales of Investments	238	15401
(Purchases) of Investments	(1865)	(438)
	<u>(£1627)</u>	<u>£14963</u>
	===	===

**NOTE B - ANALYSIS OF BALANCES OF CASH**

	<u>At 1.4.96</u>	<u>Cash Flows</u>	<u>At 31.3.97</u>
Cash in Hand and at Bank	153516	(77069)	76447
Bank Loan	<u>(25250)</u>	<u>1537</u>	<u>(23713)</u>
	<u>£128266</u>	<u>£75532</u>	<u>£52734</u>
	=====	=====	=====



NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's Accounts:-

(a) Basis of Accounting:

These Accounts have been prepared under the historical cost accounting rules.

(b) Commissions Receivable:

The basis on which Commissions are recognised in the Profit and Loss Account are as follows:-

- (i) Commissions received direct from Insurance Companies and
- (ii) Premiums received from clients less amounts payable to Insurance Companies.

(c) Depreciation:

Depreciation is calculated so as to write off the cost of tangible fixed assets over their estimated useful lives as follows:-

- (i) Fixtures, Fittings and Equipment - At 15% or 25% as appropriate on the reducing balances.

(ii) Freehold Buildings:

No Depreciation is provided for in respect of Freehold Buildings. The property owned by the Company was acquired in September 1985 and further expenditure was incurred in order to bring its condition up to a high standard. The Directors are of the opinion that in these circumstances no provision for Depreciation is necessary.

(d) Amortisation:

Goodwill is being written off by equal annual instalments over a period of ten years.

(e) Deferred Taxation:

Deferred Taxation is provided for in respect of timing differences arising from accelerated capital allowances.

(f) Pensions:

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds.

(g) Leasing & Hire Purchase Commitments

Assets purchased under hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the Profit & Loss Account over the period of the contract on a straight line basis. Rentals under operating leases are charged as incurred over the lease term.

NOTES TO THE ACCOUNTS (CONTINUED)2. TURNOVER

The basis on which the Commissions Receivable are dealt with is as described in Note 1.

The Commissions Receivable are all derived from the UK market.

3. ADMINISTRATIVE EXPENSES

	<u>1997</u>	<u>1996</u>
Staff Costs:-		
Wages & Salaries	285969	301121
Social Security Costs	30548	29516
Other Pension Costs	<u>47914</u>	<u>54169</u>
Total Staff Costs	364431	384806
Profit on disposals of Investments	(238)	(1424)
Provision for loss in value of Investments	-	4224
Profit on disposal of Assets	(13933)	-
Depreciation of Own Assets	7732	11472
Depreciation of Assets under Hire Purchase	14290	10525
Amortisation of Goodwill	3257	3257
Hire Purchase Charges	2553	2771
Auditors' Remuneration	4500	4000
Other Administrative Expenses	<u>108950</u>	<u>102898</u>
	<u>£491542</u>	<u>£522529</u>

4. EMPLOYEES

The average weekly number of employees during the year was:-	15	17
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5. DIRECTORSDirectors' Emoluments:

	<u>1997</u>	<u>1996</u>
	<u>Total</u>	<u>Total</u>
Aggregate emoluments	175009	169023
Aggregate contributions to Money Purchase Pension Schemes	<u>40122</u>	<u>45714</u>
	<u>£215131</u>	<u>£214737</u>

The number of Directors who are members of Money Purchase Pension Schemes is

3	2
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No money or other assets was paid under long term incentive schemes.

NOTES TO THE ACCOUNTS (CONTINUED)6. DIVIDENDS & INTEREST RECEIVABLE

	<u>1997</u>	<u>1996</u>
Dividends from Quoted Investments	786	925
Bank Interest	2593	4964
Building Society Interest	676	472
Other Interest (Gross)	<u>4</u>	<u>589</u>
	<u>£4059</u>	<u>£6950</u>

7. INTEREST PAYABLE

Interest payable on sums wholly repayable within five years	<u>£1918</u>	<u>£5218</u>
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8. EXCEPTIONAL ITEMS

Surpluses arising on the maturity of Endowment Policies in connection with Bank borrowing	<u>-</u>	<u>£36618</u>
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9. TAXATION

Increase in provision for deferred Tax	2000	-
Tax attributable to Franked Investment Income	157	185
Under/(Over) provision for earlier year	<u>559</u>	<u>(26)</u>
	<u>£2716</u>	<u>£159</u>

10. INTANGIBLE FIXED ASSETSGoodwillCost:

31st March 1996 and 1997	<u>39571</u>
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Depreciation:

31st March 1996	23285
Current Year	<u>3257</u>
31st March 1997	<u>26542</u>

Net Book Value:

31st March 1997	<u>£13029</u>
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31st March 1996	<u>£16286</u>
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NOTES TO THE ACCOUNTS (CONTINUED)11. TANGIBLE FIXED ASSETS

	<u>Total</u>	<u>Freehold Land &amp; Buildings</u>	<u>Fixtures &amp; Fittings</u>	<u>Equipment</u>
<u>Cost:</u>				
31st March 1996	347673	114239	14505	218929
Additions	39759	-	1000	38759
Disposals	(58960)	(2000)	-	(56960)
	<u>328472</u>	<u>112239</u>	<u>15505</u>	<u>200728</u>
<u>Depreciation:</u>				
31st March 1996	146127	-	11192	134935
Current Year	22022	-	645	21377
Eliminated on Disposal	(38648)	-	-	(38648)
	<u>129501</u>	<u>-</u>	<u>11837</u>	<u>117664</u>
<u>Net Book Value:</u>				
31st March 1997	£198971	£112239	£3668	£83064
	=====	=====	=====	=====
31st March 1996	£201546	£114239	£3313	£83994
	=====	=====	=====	=====

Included in the amounts for Fixtures, Fittings and Equipment are the following amounts relating to assets acquired under Hire Purchase Agreements:-

	<u>1997</u>	<u>1996</u>
Net Book Value	£48656	£38414
	=====	=====

12. DEBTORS

Amounts falling due within one year:-

Trade Debtors	60238	76987
Prepayments & Accrued Income	5546	4430
ACT Recoverable	4911	6145
Other Debtor	8496	-
Amounts falling due after more than one year:-		
ACT Recoverable	-	5000
	<u>£79191</u>	<u>£92562</u>
	=====	=====

13. CURRENT ASSETS - INVESTMENTS

Investments listed on the Stock Exchange	£26170	£24305
	=====	=====

(Market Value of Listed Investments £29440 - 1996 £25188).

NOTES TO THE ACCOUNTS (CONTINUED)14. CASH AT BANK & IN HAND

	<u>1997</u>	<u>1996</u>
Cash at Bank - Office Account	550	9598
Insurance Broking Accounts	57783	142667
Building Society Account (Office)	18088	1175
Cash in Hand	<u>26</u>	<u>77</u>
	<u>£76447</u>	<u>£153517</u>

15. CREDITORS: Amounts falling due within one year

Trade Creditors	116637	202395
Taxation	4911	10997
Payroll Taxes & Social Security	28156	8971
Other Creditors:-		
Bank Loan	2750	2750
Directors' Current Accounts	10888	2116
Hire Purchase (Secured on Equipment)	10018	11446
Proposed Dividend	-	20000
Accruals	<u>11711</u>	<u>11162</u>
	<u>£185071</u>	<u>£269837</u>

16. CREDITORS: Amounts falling due after more than one year

Bank Loan	20963	22500
Other Creditors - Hire Purchase (secured on Equipment)	<u>12124</u>	<u>6692</u>
	<u>£33087</u>	<u>£29192</u>

The Bank holds as security a first mortgage over the Freehold Property.

17. PROVISIONS FOR LIABILITIES & CHARGES

Corporation Tax deferred by accelerated Capital Allowances:-

Balance 31st March	600	600
Increase in provision	<u>2000</u>	<u>-</u>
	<u>£2600</u>	<u>£600</u>

18. SHARE CAPITAL

Authorised and Allotted:

500 Ordinary Shares of £1 each fully paid	<u>£500</u>	<u>£500</u>
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JAMES & LINDSAY LIMITED

7 EAST STOCKWELL STREET,

COLCHESTER, ESSEX

NOTES TO THE ACCOUNTS (CONTINUED)

19. RECONCILIATION OF MOVEMENTS IN  
EQUITY SHAREHOLDERS' FUNDS

	<u>1997</u>	<u>1996</u>
(Loss)/Profit for the financial year	(15537)	27439
Dividend	-	(20000)
Balance as at 1st April 1996	<u>188587</u>	<u>181148</u>
Balance as at 31st March 1997	<u>£173050</u>	<u>£188587</u>

20. CAPITAL COMMITMENTS

There were no commitments for capital expenditure at 31st March 1997 (1996 Nil).

21. CONTINGENCIES

The Company has given the following guarantees:-

Lloyds Bowmaker re Misys HP Agreement	<u>£17587</u>	<u>£17587</u>
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22. RELATED PARTY TRANSACTIONS

During the year the Company sold a small part of its freehold property to the James & Lindsay Executive Pension Plan of which L. A. E. & Mrs. J. Nieuwenhuis are members and Trustees. The agreed price is £6000 which is believed to be a fair value.

23. CONTROLLING PARTY

The Company is under the control of L. A. E. Nieuwenhuis who owns 68% of the issued Shares.