

Company Registration No. 3647203 (England and Wales)

JOHN RUSSELL INSURANCE SERVICES LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2005



JOHN RUSSELL INSURANCE SERVICES LIMITED

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JOHN RUSSELL INSURANCE SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005

The directors present their report and financial statements for the year ended 31 March 2005.

Principal activities and review of the business

The principal activity of the company in the year under review was that of insurance brokers.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future. The recent growth has been achieved by the acquisition of clients from other brokers.

Results and dividends

The results for the year are set out on page 4.

Directors

The following directors have held office since 1 April 2004:

P Derrington	
K Hill	(Appointed 1 May 2004)
T Derrington	(Appointed 1 May 2004)
B Whitfield	(Appointed 1 May 2004)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 2005	1 April 2004
P Derrington	51	51
K Hill	8	-
T Derrington	-	-
B Whitfield	8	-

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Trevor Jones & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

JOHN RUSSELL INSURANCE SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

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.

On behalf of the board



.....
P. Derington

Director

21/7/05.....

JOHN RUSSELL INSURANCE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO JOHN RUSSELL INSURANCE SERVICES LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 15, together with the financial statements of the company for the year ended 31 March 2005 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with Section 247B 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 auditor's 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 directors and auditors

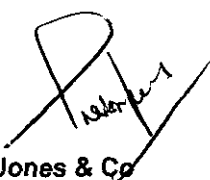
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

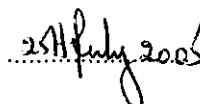
Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 15 are properly prepared in accordance with that provision.



Trevor Jones & Co

Chartered Accountants
Registered Auditor



25th July 2005

Hayward House
535 Coventry Road
Birmingham
B10 0LL

JOHN RUSSELL INSURANCE SERVICES LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 £	2004 £
Gross profit		675,469	513,251
Administrative expenses		(612,324)	(450,092)
Operating profit	2	63,145	63,159
Other interest receivable and similar income		10,707	6,600
Interest payable and similar charges	3	(5,260)	(3,020)
Profit on ordinary activities before taxation		68,592	66,739
Tax on profit on ordinary activities	4	(19,912)	(17,762)
Profit on ordinary activities after taxation		48,680	48,977
Dividends	5	(40,735)	(30,000)
Retained profit for the year	14	7,945	18,977

JOHN RUSSELL INSURANCE SERVICES LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 MARCH 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Intangible assets	6	313,125		170,875	
Tangible assets	7	95,150		55,789	
Investments	8	1		1	
		<u>408,276</u>		<u>226,665</u>	
Current assets					
Debtors	9	182,168		211,924	
Cash at bank and in hand		432,704		331,789	
		<u>614,872</u>		<u>543,713</u>	
Creditors: amounts falling due within one year	10	<u>(762,949)</u>		<u>(556,833)</u>	
Net current liabilities		<u>(148,077)</u>		<u>(13,120)</u>	
Total assets less current liabilities		<u>260,199</u>		<u>213,545</u>	
Creditors: amounts falling due after more than one year	11	<u>(61,927)</u>		<u>(23,219)</u>	
		<u>198,272</u>		<u>190,326</u>	
Capital and reserves					
Called up share capital	13	100		100	
Profit and loss account	14	198,172		190,226	
Shareholders' funds - equity interests	15	<u>198,272</u>		<u>190,326</u>	

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 21/7/05


P Derrington
Director

JOHN RUSSELL INSURANCE SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	2005		2004	
	£	£	£	£
Net cash inflow from operating activities		379,903		218,960
Returns on investments and servicing of finance				
Interest received	10,707		6,600	
Interest paid	(5,260)		(3,020)	
Net cash inflow for returns on investments and servicing of finance		5,447		3,580
Taxation		(17,850)		(20,440)
Capital expenditure				
Payments to acquire intangible assets	(215,000)		(30,000)	
Payments to acquire tangible assets	(58,250)		(27,673)	
Receipts from sales of tangible assets	26,863		-	
Net cash outflow for capital expenditure		(246,387)		(57,673)
Equity dividends paid		(40,735)		(50,000)
Net cash inflow before management of liquid resources and financing		80,378		94,427
Financing				
New long term bank loan	1,628		30,954	
Other new long term loans	52,333		874	
Repayment of long term bank loan	(11,145)		(5,573)	
Repayment of other long term loans	(9,468)		(22,500)	
Capital element of hire purchase contracts	(12,811)		(8,929)	
Net cash inflow/(outflow) from financing		20,537		(5,174)
Increase in cash in the year		100,915		89,253

JOHN RUSSELL INSURANCE SERVICES LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

1	Reconciliation of operating profit to net cash inflow from operating activities	2005	2004
		£	£
	Operating profit	63,145	63,159
	Depreciation of tangible assets	30,292	18,597
	Amortisation of intangible assets	72,750	23,500
	Loss on disposal of tangible assets	6,637	-
	Decrease in debtors	29,756	33,062
	Increase in creditors within one year	177,323	80,642
	Net cash inflow from operating activities	379,903	218,960

2	Analysis of net funds	1 April 2004	Cash flow	Other non-cash changes	31 March 2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	331,789	100,915	-	432,704
	Debt:				
	Finance leases	(8,838)	(76,992)	44,902	(40,928)
	Debts falling due within one year	(9,632)	(16,619)	-	(26,251)
	Debts falling due after one year	(16,632)	(16,730)	-	(33,362)
		(35,102)	(110,341)	44,902	(100,541)
	Net funds	296,687	(9,426)	44,902	332,163

3	Reconciliation of net cash flow to movement in net funds	2005	2004
		£	£
	Increase in cash in the year	100,915	89,253
	Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(110,341)	5,175
	Change in net debt resulting from cash flows	(9,426)	94,428
	New finance lease	44,902	-
	Movement in net funds in the year	35,476	94,428
	Opening net funds	296,687	202,259
	Closing net funds	332,163	296,687

JOHN RUSSELL INSURANCE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents the commission received in relation to insurance services rendered during the year.

1.3 Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separate net assets. Goodwill is amortised through the profit and loss account over the directors estimate of its estimated economic life.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33% reducing balance
Office furniture and fittings	15% reducing balance
Motor vehicles	25% reducing balance

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the 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.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

JOHN RUSSELL INSURANCE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

2	Operating profit	2005	2004
		£	£
	Operating profit is stated after charging:		
	Amortisation of intangible assets	72,750	23,500
	Depreciation of tangible assets	30,292	18,597
	Loss on disposal of tangible assets	6,637	-
	Operating lease rentals	35,939	21,902
	Auditors' remuneration	5,195	-
	and after crediting:		
3	Interest payable	2005	2004
		£	£
	On bank loans and overdrafts	3,961	954
	On other loans wholly repayable within 5 years	-	874
	Hire purchase interest	1,299	1,192
		5,260	3,020
4	Taxation	2005	2004
		£	£
	Domestic current year tax		
	U.K. corporation tax	20,084	18,200
	Adjustment for prior years	(172)	(438)
	Current tax charge	19,912	17,762
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	68,592	66,739
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2004: 19.00%)	13,032	12,680
	Effects of:		
	Depreciation add back	12,669	7,998
	Capital allowances	(6,277)	(3,143)
	Other tax adjustments	488	227
		6,880	5,082
	Current tax charge	19,912	17,762

JOHN RUSSELL INSURANCE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

5	Dividends	2005	2004
		£	£
	Ordinary interim paid	<u>40,735</u>	<u>30,000</u>
6	Intangible fixed assets	Goodwill	
		£	
	Cost		
	At 1 April 2004	230,000	
	Additions	<u>215,000</u>	
	At 31 March 2005	<u>445,000</u>	
	Amortisation		
	At 1 April 2004	59,125	
	Charge for the year	<u>72,750</u>	
	At 31 March 2005	<u>131,875</u>	
	Net book value		
	At 31 March 2005	<u>313,125</u>	
	At 31 March 2004	<u>170,875</u>	

JOHN RUSSELL INSURANCE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

7 Tangible fixed assets

	Plant and machinery £	Office furniture and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2004	33,633	10,456	60,091	104,180
Additions	10,549	4,820	87,784	103,153
Disposals	-	-	(50,967)	(50,967)
At 31 March 2005	44,182	15,276	96,908	156,366
Depreciation				
At 1 April 2004	22,678	5,965	19,748	48,391
On disposals	-	-	(17,467)	(17,467)
Charge for the year	5,062	1,573	23,657	30,292
At 31 March 2005	27,740	7,538	25,938	61,216
Net book value				
At 31 March 2005	16,442	7,738	70,970	95,150
At 31 March 2004	10,955	4,491	40,343	55,789

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 March 2005	55,704
At 31 March 2004	23,750
Depreciation charge for the year	
31 March 2005	18,568
31 March 2004	7,915

JOHN RUSSELL INSURANCE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

8 Fixed asset investments

	Listed investments £
Cost	
At 1 April 2004 & at 31 March 2005	1
	<u>1</u>
	Market value
	£
At 31 March 2005	818
	<u>818</u>
At 31 March 2004	1
	<u>1</u>

9 Debtors

	2005 £	2004 £
Trade debtors	181,812	210,610
Prepayments and accrued income	356	1,314
	<u>182,168</u>	<u>211,924</u>

10 Creditors: amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	26,251	9,632
Net obligations under hire purchase contracts	12,363	2,251
Trade creditors	523,063	467,881
Corporation tax	20,084	18,022
Other taxes and social security costs	8,095	6,228
Directors' current accounts	30,301	10,736
Other creditors	115,833	-
Accruals and deferred income	26,959	42,083
	<u>762,949</u>	<u>556,833</u>

Secured creditors amount to £38,614 (2004 - £11,883).

JOHN RUSSELL INSURANCE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

11 Creditors: amounts falling due after more than one year	2005 £	2004 £
Bank loans	5,523	15,749
Other loans	27,839	883
Net obligations under hire purchase contracts	28,565	6,587
	<u>61,927</u>	<u>23,219</u>
Analysis of loans		
Wholly repayable within five years	59,613	26,264
	<u>59,613</u>	<u>26,264</u>
Included in current liabilities	(26,251)	(9,632)
	<u>33,362</u>	<u>16,632</u>
Loan maturity analysis		
In more than one year but not more than two years	-	16,632
In more than two years but not more than five years	33,362	-
	<u>33,362</u>	<u>16,632</u>
Net obligations under hire purchase contracts		
Included in liabilities falling due within one year	(12,363)	(2,251)
	<u>(12,363)</u>	<u>(2,251)</u>

Secured creditors amount to £22,336 (2003 - £8,875).

12 Pension costs

Defined contribution

	2005 £	2004 £
Contributions payable by the company for the year	<u>8,320</u>	<u>7,160</u>

JOHN RUSSELL INSURANCE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

13 Share capital	2005	2004
	£	£
Authorised		
20,000 Ordinary shares of £1 each	20,000	20,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
14 Statement of movements on profit and loss account		Profit and loss account £
Balance at 1 April 2004		190,227
Retained profit for the year		7,945
		<hr/>
Balance at 31 March 2005		198,172
		<hr/>
15 Reconciliation of movements in shareholders' funds	2005	2004
	£	£
Profit for the financial year	48,680	48,977
Dividends	(40,735)	(30,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	7,945	18,977
Opening shareholders' funds	190,326	171,349
	<hr/>	<hr/>
Closing shareholders' funds	198,272	190,326
	<hr/>	<hr/>

16 Financial commitments

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as follows:

Expiry date:

17 Capital commitments

At the year end an agreement had been agreed for the purchase of client files from another broker.

JOHN RUSSELL INSURANCE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

18 Directors' emoluments	2005 £	2004 £
Emoluments for qualifying services	26,340	18,112
Company pension contributions to money purchase schemes	4,100	3,000
	<u>30,440</u>	<u>21,112</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2004- 1).

19 Transactions with directors

Included in creditors is an amount due to directors of £30,301 (2004 -310,736).

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

2005 Number	2004 Number
<u>19</u>	<u>11</u>

Employment costs

	£	£
Wages and salaries	275,329	239,550
Social security costs	32,418	24,124
Other pension costs	8,320	7,160
	<u>316,067</u>	<u>270,834</u>