

**1ST POLICY COMPANY LIMITED**

**REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 JANUARY 1999**

**REGISTERED NUMBER: 2887443**



**1ST POLICY COMPANY LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 1999**

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**1ST POLICY COMPANY LIMITED**

**COMPANY INFORMATION  
AS AT 31 JANUARY 1999**

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**DIRECTORS**

M B Conn  
D G Conn  
A Rappoport

**SECRETARY**

M B Conn

**REGISTERED OFFICE**

845 Finchley Road  
London  
NW11 8NA

**BUSINESS ADDRESS**

845 Finchley Road  
London  
NW11 8NA

**AUDITORS**

Blinkhorns  
14/16 Great Portland Street  
London  
W1N 6BL

# **1ST POLICY COMPANY LIMITED**

## **DIRECTORS' REPORT**

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The directors present their annual report with the financial statements of the company for the year ended 31 January 1999.

### **PRINCIPAL ACTIVITIES**

The principal activities of the company in the year under review were the provision of financial advice.

### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The net profit after providing for taxation amounted to £108,804.

The company has traded satisfactorily during the financial year. The level of activity is expected to increase over the foreseeable future. The company is registered with the Personal Investment Authority (PIA) under Category B3 and does not hold client money.

### **DIVIDENDS**

No dividends were paid during the year and no recommendation is made as to dividends.

### **POLICY ON PAYMENT OF CREDITORS**

The policy of the company is to satisfy all creditors within 31 days of receipt of the invoice.

### **POST BALANCE SHEET EVENTS**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial year ended 31 January 1999.

### **RESEARCH AND DEVELOPMENT**

The company is not presently involved in any research and development activities.

### **INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY**

The impact of the introduction of the single European currency on the company has so far been minimal and the directors expect this to continue for the foreseeable future.

### **DIRECTORS AND THEIR INTERESTS**

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year were as follows:

		<b>Number of Shares</b>	
		<b>1999</b>	<b>1998</b>
M B Conn	Ordinary shares	5,000	5,000
D G Conn	Ordinary shares	5,000	5,000
A Rappoport		-	-

# **1ST POLICY COMPANY LIMITED**

## **DIRECTORS' REPORT**

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### **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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 maintaining 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.

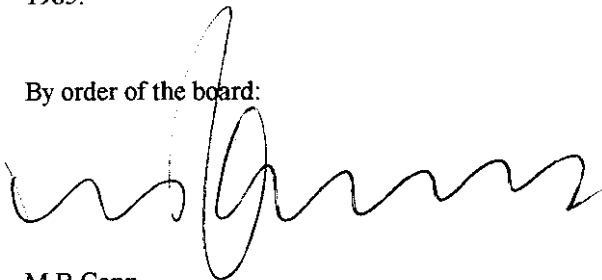
### **YEAR 2000 SOFTWARE ISSUES**

The directors have made an assessment of the year 2000 problem as it relates to the business and operations. It is not practical to quantify the total costs likely to be incurred, but they are expected to be minimal.

### **AUDITORS**

The auditors, Blinkhorns, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

By order of the board:



M B Conn  
Secretary

Date: 29 July 1999

**1ST POLICY COMPANY LIMITED**

**AUDITORS' REPORT TO THE SHAREHOLDERS**

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We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 8.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS**

As described in the directors' report, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 as to whether the financial statements 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 financial statements.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 January 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**Blinkhorns**

**Registered Auditors  
14/16 Great Portland Street  
London  
W1N 6BL**

Date: 29 July 1999

**1ST POLICY COMPANY LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 JANUARY 1999**

	Notes	1999 £	1998 £
<b>TURNOVER</b>		14,545	16,101
Administrative expenses		73,304	7,018
		(58,759)	9,083
Other operating income		197,539	101,604
<b>OPERATING PROFIT</b>	2	138,780	110,687
Interest payable and similar charges	3	-	(34)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		138,780	110,653
Tax on profit on ordinary activities	5	(29,976)	(25,122)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		108,804	85,531

**Continuing operations**

None of the company's activities were acquired or discontinued during the above two financial years.

**Total recognised gains and losses**

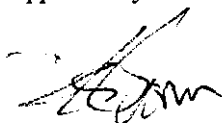
The company has no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 12 form part of these financial statements.

**1ST POLICY COMPANY LIMITED****BALANCE SHEET  
AT 31 JANUARY 1999**

	Notes	£	1999 £	£	1998 £
<b>FIXED ASSETS</b>					
Investments	6		23,455		-
<b>CURRENT ASSETS</b>					
Debtors	7	308,053		150,114	
Cash at bank and in hand		91		480	
		<u>308,144</u>		<u>150,594</u>	
<b>CREDITORS: amounts falling due within one year</b>					
	8	<u>(98,260)</u>		<u>(26,060)</u>	
<b>NET CURRENT ASSETS</b>			209,884		124,534
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			<u>233,339</u>		<u>124,534</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		10,000		10,000
Profit and loss account	10		223,339		114,534
<b>TOTAL SHAREHOLDERS' FUNDS</b>	11		<u>233,339</u>		<u>124,534</u>

Approved by the board of directors on 29 July 1999 and signed on its behalf by:



D G Conn  
Director

The notes on pages 8 to 12 form part of these financial statements.



**1ST POLICY COMPANY LIMITED****CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 JANUARY 1999**

	Notes	1999 £	1998 £
Net cash inflow from operating activities	2	48,161	8,183
Returns on investments and servicing of finance	12	-	(34)
Taxation	12	(25,095)	(9,241)
Capital expenditure and financial investment	12	(23,455)	-
Cash outflow before use of liquid resources and financing		(389)	(1,092)
Management of liquid resources	12	1	-
<b>DECREASE IN CASH IN THE YEAR</b>		<b>(389)</b>	<b>(1,092)</b>
RECONCILIATION - To assist you with the reconciliation of this report, print CASHTEST.RPT using ACTUAL figures and print CASHFLOW.DOC, both provided with this release.		(1)	-

**RECONCILIATION OF NET CASH FLOW TO  
MOVEMENT IN NET FUNDS**

13

<b>DECREASE IN CASH IN THE YEAR</b>	(389)	(1,092)
Cash inflow from movement in liquid resources	1	-
Change in net debt resulting from cash flows	(390)	(1,092)
Movement in net debt in the year	(390)	(1,092)
Net funds at 1 February 1998	481	1,572
Net funds at 31 January 1999	91	480

The notes on pages 8 to 12 form part of these financial statements.

## **1ST POLICY COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 1999**

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#### **1. STATEMENT OF ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

##### **Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

##### **Investments**

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

Dividends are brought to account in the profit and loss account when received.

##### **Clawbacks**

Due to the nature of the financial instruments normally traded upon which commissions arise no provisions are made for return commissions. Where this is not the case the company will provide for 10% of all commissions.

#### **2. OPERATING PROFIT**

##### **Operating profit is stated:**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
<b>After charging:</b>		
Auditors' remuneration	940	940

##### **Reconciliation of operating profit to net cash inflow from operating activities**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Operating profit	138,780	110,687
Increase in debtors	(157,939)	(97,504)
Increase in creditors	67,320	(5,000)
<b>Net cash inflow from operating activities</b>	<b>48,161</b>	<b>8,183</b>

#### **3. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Other interest	-	34

**1ST POLICY COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 1999****4. INFORMATION ON DIRECTORS AND EMPLOYEES**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
<b>Staff costs</b>		
Wages and salaries	60,000	-
Social security costs	7,320	-
	<u>67,320</u>	<u>-</u>
	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
<b>Directors' emoluments</b>		
Emoluments	<u>60,000</u>	<u>-</u>

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
The taxation charge comprises:		
UK corporation tax at Corporation tax rate - 21% (1998 - Corporation tax rate - 24.5%)	30,001	25,122
Adjustment in respect of prior years	(25)	-
	<u>29,976</u>	<u>25,122</u>

**6. INVESTMENTS**

<b>Cost or valuation:</b>	<b>Additions</b>
	<b>£</b>
Other investments	<u>23,455</u>

**1ST POLICY COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 1999****6. INVESTMENTS - (continued)****Other investments other than loans**

Shares:

	<b>Book value 1999 £</b>	<b>Market value 1999 £</b>	<b>Book value 1998 £</b>	<b>Market value 1998 £</b>
Listed:				
U.K. Stock Exchange	23,455	23,800	-	-

No provision has been made for the liability to corporation tax on chargeable gains that would arise if the above investments were disposed of at market value. A tax liability of £- would arise if the investments were disposed of at the above valuation.

**7. DEBTORS**

	<b>1999 £</b>	<b>1998 £</b>
Other debtors	308,053	150,114

**8. CREDITORS: amounts falling due within one year**

	<b>1999 £</b>	<b>1998 £</b>
Corporation tax	30,001	25,120
Other taxes and social security costs	7,320	-
Other creditors	60,000	-
Accruals and deferred income	939	940
	<b>98,260</b>	<b>26,060</b>

**9. SHARE CAPITAL**

	<b>1999 £</b>	<b>1998 £</b>
<b>Authorised:</b>		
<b>Equity interests:</b>		
100,000 Ordinary shares of £1 each	100,000	100,000
<b>Allotted, called up and fully paid:</b>		
<b>Equity interests:</b>		
10,000 Ordinary shares of £1 each	10,000	10,000

**1ST POLICY COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 1999****9. SHARE CAPITAL - (continued)**

There are no controlling interests in the company.

**10. PROFIT AND LOSS ACCOUNT**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Retained profit as at 1 February 1998	114,534	29,003
Profit for the year	108,805	85,531
Retained profit as at 31 January 1999	<u>223,339</u>	<u>114,534</u>

**11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	108,805	85,531
Opening shareholders' funds	124,534	39,003
Closing shareholders' funds	<u>233,339</u>	<u>124,534</u>
Represented by:-		
Equity interests	<u>233,339</u>	<u>124,534</u>

**12. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Returns on investments and servicing of finance		
Interest paid	-	<u>(34)</u>
Net cash inflow from returns on investments and servicing of finance	-	<u>(34)</u>

**1ST POLICY COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 1999****12. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT  
- (continued)**

	1999 £	1998 £
<b>Taxation</b>		
Corporation tax paid	(25,095)	(9,241)
<b>Capital expenditure and financial investment</b>		
Purchase of other investments	(23,455)	-
<b>Net cash outflow from capital expenditure and financial investment</b>	(23,455)	-
<b>Management of liquid resources</b>		
Short-term investments and bank deposits	1	-
<b>Net cash inflow from management of liquid resources</b>	1	-

**13. ANALYSIS OF CHANGES IN NET FUNDS**

	1998 £	Cash flow £	1999 £
Cash at bank and in hand	480	(389)	91
		(389)	
Current asset investments	-	(1)	(1)
	480	(390)	90

**14. TRANSACTIONS WITH DIRECTORS**

Ms A Rappoport received £4,000 as part of the ordinary course of trading. She received no fees in her capacity as a director of the company.

Included in other income is an amount of £197,539 from 1st Policy London Limited for services in the ordinary course of business. This is a company in which Mr M B Conn and Mr D G Conn are directors and Mr D G Conn has a material interest. The company is owed £306,803.36 from 1st Policy London Limited at the balance sheet date.