

Company Number 1600910

B.I.B. (DARLINGTON) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 1998



B.I.B. (DARLINGTON) LIMITED

YEAR ENDED 31 OCTOBER 1998

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B.I.B. (DARLINGTON) LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 October 1998.

Business Review

The principal activity of the company is that of insurance broking.

The profit to be transferred to reserves is £46,507 (1997:£3,754) as set out in the profit and loss account on page 4.

There have been no significant changes in the activities during the year and no change is expected to occur in the business in the foreseeable future.

Dividend

The directors do not recommend the payment of a dividend for the year ended 31 October 1998.

Tax Status

The company is a close company within the meaning of S.414 of the Income and Corporation Taxes Act 1988 and complies with the provisions of the Act.

Directors

The directors who served during the year and their interests in the shares of the company at the beginning and end of the year were:-

	<u>Ordinary shares of £1 each</u>	
	<u>31 October 1998</u>	<u>1 November 1997</u>
C.D. Carter	3,000	3,000
M.P. Littleton	4,000	4,000
P. Atkinson	3,000	3,000
A.S. Keep (appointed 6 January 1998)	-	-
B. Jackson (appointed 6 January 1998)	-	-

Auditors

In accordance with S.385 of the Companies Act 1985, a resolution for the reappointment of Clive Owen & Co as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



.....
P. ATKINSON

B.I.B. (DARLINGTON) LIMITED

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 results of the company for that year.

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 the going concern basis unless it is inappropriate to presume that the company will continue to operate.

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.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF

B.I.B. (DARLINGTON) LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 that 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 the company's affairs at 31 October 1998 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Clive Owen & Co
.....
CLIVE OWEN & CO
Registered Auditors
Chartered Accountants

140 Coniscliffe Road
Darlington

28 April 1999

B.I.B. (DARLINGTON) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 1998

		<u>1998</u>	<u>1997</u>
	<u>Note</u>	£	£
<u>TURNOVER</u>	2	1,027,578	794,008
Administrative expenses		(973,885)	(783,087)
		<hr/>	<hr/>
<u>OPERATING PROFIT</u>	4	53,693	10,921
Profit on sale of tangible fixed assets		-	(1,132)
Interest receivable		18,036	9,145
Interest payable	5	(6,311)	(12,246)
		<hr/>	<hr/>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		65,418	6,688
Taxation	6	(18,911)	(2,934)
		<hr/>	<hr/>
<u>PROFIT FOR THE FINANCIAL YEAR</u>		46,507	3,754
<u>PROFIT AND LOSS ACCOUNT BROUGHT FORWARD</u>		62,459	58,705
		<hr/>	<hr/>
<u>PROFIT AND LOSS ACCOUNT CARRIED FORWARD</u>		£ 108,966 =====	£ 62,459 =====

There have been no recognised gains or losses in 1998 or 1997 other than the profit for the financial year.

The above results all relate to continuing activities.

The notes on pages 7 to 13 form part of these financial statements.

B.I.B. (DARLINGTON) LIMITED

BALANCE SHEET

AS AT 31 OCTOBER 1998

		<u>1998</u>		<u>1997</u>	
	<u>Note</u>	£	£	£	£
<u>FIXED ASSETS</u>					
Intangible fixed assets	7		10,452		11,994
Tangible fixed assets	8		77,559		124,427
Investments	9		1,308		1,308
			<hr/>		<hr/>
			89,319		137,729
<u>CURRENT ASSETS</u>					
Debtors	10	437,257		549,278	
Cash at bank		281,149		212,560	
		<hr/>		<hr/>	
			718,406		761,838
<u>CREDITORS</u> : Amounts falling due within one year	11	(682,698)		(793,930)	
		<hr/>		<hr/>	
<u>NET CURRENT ASSETS/(LIABILITIES)</u>			35,708		(32,092)
			<hr/>		<hr/>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			125,027		105,637
<u>CREDITORS</u> : Amounts falling due after more than one year	12		(6,061)		(33,178)
			<hr/>		<hr/>
<u>NET ASSETS</u>			£118,966		£ 72,459
			=====		=====
<u>CAPITAL AND RESERVES</u>					
Called up share capital	13		10,000		10,000
Profit and loss account			108,966		62,459
			<hr/>		<hr/>
<u>SHAREHOLDERS' FUNDS</u>			£118,966		£ 72,459
			=====		=====


The notes on pages 7 to 13 form part of these financial statements.

The financial statements were approved by the Board on 28 April 1999.


M.P. LITTLETON


P. ATKINSON

DIRECTORS


C.D. CARTER

B.I.B. (DARLINGTON) LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 OCTOBER 1998

		<u>1998</u>		<u>1997</u>	
	<u>Note</u>	£	£	£	£
<u>NET CASH INFLOW FROM OPERATING ACTIVITIES</u>	18		139,052		168,635
<u>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</u>					
Interest received		18,036		9,145	
Interest paid		(6,311)		(12,246)	
<u>NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</u>			11,725		(3,101)
<u>CAPITAL EXPENDITURE</u>					
Purchase of tangible fixed assets		-		(20,697)	
Purchase of intangible fixed assets		(6,682)		(17,990)	
Purchase of investments		-		(678)	
Proceeds of sale of tangible fixed assets		-		27,200	
<u>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</u>			(6,682)		(12,165)
<u>NET CASH INFLOW BEFORE FINANCING</u>			144,095		153,369
<u>MANAGEMENT OF LIQUID RESOURCES</u>					
Cash deposited on 30 day Treasury Deposit Account	19		(75,000)		(25,000)
<u>FINANCING</u>					
Repayment of hire purchase and finance lease obligations	19	(43,224)		(57,630)	
<u>NET CASH OUTFLOW FROM FINANCING</u>			(43,224)		(57,630)
<u>INCREASE IN CASH</u>	19		£ 25,871		£ 70,739
			=====		=====

The notes on pages 7 to 13 form part of these financial statements.

B.I.B. (DARLINGTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention and applicable Accounting Standards.

(b) Tangible Fixed Assets

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

Motor vehicles	25%
Office furniture and equipment	10% - 33%

Assets held under hire purchase and finance lease contracts are capitalised in accordance with Statement of Standard Accounting Practice No.21.

Hire purchase and finance lease interest are included in the financial statements on the basis of the inherent rate of interest in the hire purchase or finance lease agreement.

(c) Intangible Fixed Assets

Purchase of goodwill is written off over its estimated useful life. In the opinion of the directors, three years is a prudent estimate of its useful life.

(d) Investments

Investments are stated at cost less any provision for permanent diminution in value.

(e) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

(f) Pension Costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. TURNOVER

Turnover represents commissions receivable in respect of policies incepted during the year.

The analyses of turnover by activity and geographical area are as follows:-

	<u>1998</u>	<u>1997</u>
Commissions	£1,027,578 =====	£794,008 =====
United Kingdom	£1,027,578 =====	£794,008 =====

3. STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year was as follows:-

	<u>1998</u>	<u>1997</u>
Management	3	3
Administration and sales	42	27
	-----	-----
	45	30
	=====	=====

The aggregate payroll costs of these persons were as follows:-

	<u>1998</u>	<u>1997</u>
	£	£
Wages and salaries	496,367	344,194
Social security costs	43,816	27,728
Other pension costs	39,417	24,353
	-----	-----
	£579,600	£396,275
	=====	=====

4. OPERATING PROFIT

Operating profit is stated after charging the following:-

	<u>1998</u>	<u>1997</u>
	£	£
Directors' remuneration	62,100	45,600
Depreciation - owned assets	16,858	26,060
- hire purchase assets	22,158	20,382
- leased assets	7,852	9,139
Amortisation of goodwill	8,224	5,996
Audit fee	3,525	3,525
Operating lease rentals	48,639	31,518
	=====	=====

5. INTEREST PAYABLE

	<u>1998</u>	<u>1997</u>
	£	£
On bank overdraft	-	953
On hire purchase obligations	5,016	8,310
On finance lease obligations	1,295	2,983
	<hr/>	<hr/>
	£6,311	£12,246
	=====	=====

6. TAXATION

Taxation based on the profit for the year:-

	<u>1998</u>	<u>1997</u>
	£	£
Corporation tax at 21%	18,911	3,290
Prior year overprovision	-	(356)
	<hr/>	<hr/>
	£18,911	£2,934
	=====	=====

7. INTANGIBLE FIXED ASSETS

	<u>Goodwill</u>
	£
<u>COST</u>	
At 1 November 1997	17,990
Additions	6,682
	<hr/>
At 31 October 1998	24,672
	<hr/>
<u>AMORTISATION</u>	
At 1 November 1997	5,996
Amortised in year	8,224
	<hr/>
At 31 October 1998	14,220
	<hr/>
<u>NET BOOK VALUE</u>	
At 31 October 1998	£10,452
	=====
At 31 October 1997	£11,994
	=====

8. TANGIBLE FIXED ASSETS

	<u>Motor Vehicles</u>	<u>Office Furniture and Equipment</u>	<u>Total</u>
	£	£	£
<u>COST</u>			
At 1 November 1997 and 31 October 1998	107,133	171,134	278,267
<u>DEPRECIATION</u>			
At 1 November 1997	38,681	115,159	153,840
Charge in year	23,868	23,000	46,868
At 31 October 1998	62,549	138,159	200,708
<u>NET BOOK VALUE</u>			
At 31 October 1998	£ 44,584	32,975	77,559
	=====		=====
At 31 October 1997	£ 68,452	55,975	124,427
	=====		=====

The net book value of assets held under hire purchase and finance lease agreements at 31 October 1998 was £56,370 (1997:£93,867).

9. FIXED ASSET INVESTMENTS

	<u>Unlisted Investment</u>
<u>COST</u>	
At 1 November 1997 and 31 October 1998	£1,308
	=====

10. DEBTORS

Amounts falling due within one year:-

	<u>1998</u>	<u>1997</u>
	£	£
Trade debtors	366,297	466,372
Other debtors	750	2,700
Due from related undertakings	39,091	41,312
Prepayments and accrued income	31,119	38,894
	£437,257	£549,278
	=====	=====

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1998</u>	<u>1997</u>
	£	£
Bank overdraft	-	32,282
Trade creditors - insurance	550,601	635,583
Trade creditors - others	22,245	22,407
Taxation and social security	41,755	32,515
Hire purchase obligations	24,208	34,271
Finance lease obligations	3,232	9,276
Accruals and deferred income	40,657	27,596
	<hr/>	<hr/>
	£682,698	£793,930
	=====	=====

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1998</u>	<u>1997</u>
	£	£
Hire purchase obligations	6,061	30,349
Finance lease obligations	-	2,829
	<hr/>	<hr/>
	£6,061	£33,178
	=====	=====

The analysis of the maturity of debt is as follows:-

	<u>1998</u>	<u>1997</u>
	£	£
Within one to two years	6,061	27,116
Within two to five years	-	6,062
	<hr/>	<hr/>
	£6,061	£33,178
	=====	=====

13. SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
	£	£
<u>Authorised</u>		
21,000 Ordinary shares of £1 each	21,000	21,000
	=====	=====
<u>Allotted, Called Up and Fully Paid</u>		
10,000 Ordinary shares of £1 each	10,000	10,000
	=====	=====

14. MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1998</u>	<u>1997</u>
	£	£
Profit for the financial year	46,507	3,754
Opening shareholders' funds	72,459	68,705
	<hr/>	<hr/>
Closing shareholders' funds	£118,966	£72,459
	=====	=====

15. COMMITMENTS

Capital commitments at 31 October 1998 were as follows:-

	<u>1998</u>	<u>1997</u>
Contracted	£Nil	£Nil

Annual commitments under non-cancellable operating leases in respect of motor vehicles and office equipment are as follows:-

	<u>1998</u>	<u>1997</u>
<u>Expiry date:-</u>		
Within two to five years	£48,639	£32,769
	=====	=====

16. CONTINGENT LIABILITIES

There were no contingent liabilities (1997:£Nil).

17. RELATED PARTY TRANSACTIONS

The company trades on a regular basis with B.I.B. Underwriters Limited on an insurance broker/underwriter relationship, at arm's length. The balance due to B.I.B. Underwriters Limited, included in insurance creditors, at 31 October 1998 was £65,140.

The company also rents part of the premises owned by B.I.B. Underwriters Limited, the rental charge in the year being £27,000. There was also a loan outstanding from this company at 31 October 1998 of £39,091.

B.I.B. Underwriters Limited is controlled by the directors of B.I.B. (Darlington) Limited.

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1998</u>	<u>1997</u>
	£	£
Operating profit	53,693	10,921
Depreciation	46,868	55,581
Amortisation of goodwill	8,224	5,996
Decrease/(increase) in debtors	112,021	(105,987)
(Decrease)/increase in creditors	(81,754)	202,124
<u>NET INFLOW FROM OPERATING ACTIVITIES</u>	<u>£139,052</u>	<u>£168,635</u>
	=====	=====

19. ANALYSIS OF CHANGES IN NET DEBT

	<u>At 1 November 1997</u>	<u>Cash Flows</u>	<u>Other Changes</u>	<u>At 31 October 1998</u>
	£	£	£	£
Cash at bank	87,560	(6,411)	-	81,149
Bank overdraft	(32,282)	32,282	-	-
	<u>55,278</u>	<u>25,871</u>	<u>-</u>	<u>81,149</u>
Debt due within one year	(43,547)	43,224	(27,117)	(27,440)
Debt due after one year	(33,178)	-	27,117	(6,061)
Treasury deposit account	125,000	75,000	-	200,000
	<u>£103,553</u>	<u>£144,095</u>	<u>£ -</u>	<u>£247,648</u>
	=====	=====	=====	=====