

D. BARNETT (BROKERS) LIMITED
FINANCIAL STATEMENTS
31ST MAY 1999

Company Registration Number 1919541

EDWARDS VEEDER
Chartered Accountants & Registered Auditors
Brunswick Square
Union Street
Oldham
OL1 1DE



D. BARNETT (BROKERS) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

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D. BARNETT (BROKERS) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

D. Barnett
B. Jackson
S. Diner
D. W. Gibbs

Company secretary

C. D. Barnett

Registered office

Barnett House
322 Manchester Road
Bolton
BL3 2QS

Auditors

Edwards Veeder
Chartered Accountants
& Registered Auditors
Brunswick Square
Union Street
Oldham
OL1 1DE

Bankers

Yorkshire Bank PLC
5-9 The Rock
Bury
Lancashire
BL9 0YB

Solicitors

Wacks Caller
Steam Packet House
76 Cross Street
Manchester
M2 4JU

D. BARNETT (BROKERS) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST MAY 1999

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st May 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of general insurance brokers.

The results for the year and the financial position of the company at the year end are considered satisfactory.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £0.10 each	
	At 31 May 99	At 1 Jun 98 or later date of appointment
D. Barnett	7,417	7,417
B. Jackson	4,400	4,400
S. Diner	757	757
D. W. Gibbs	(Appointed 28 Oct 98) -	-

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 10, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

D. BARNETT (BROKERS) LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 31ST MAY 1999****DIRECTORS' RESPONSIBILITIES** *(continued)*

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. The directors 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.

DONATIONS

During the year the company made the following contributions:

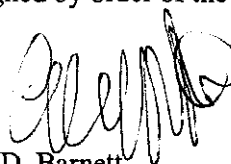
	1999	1998
	£	£
Charitable	<u>1,973</u>	<u>2,505</u>

AUDITORS

A resolution to re-appoint Edwards Veeder as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Barnett House
322 Manchester Road
Bolton
BL3 2QS

Signed by order of the directors



C. D. Barnett
Company Secretary

Approved by the directors on 18/5/99 1999

D. BARNETT (BROKERS) LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31ST MAY 1999

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on pages 2 to 3, 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 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 company's state of affairs as at 31st May 1999 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Brunswick Square
Union Street
Oldham
OL1 1DE

19.8.1999


EDWARDS VEEDER
Chartered Accountants
& Registered Auditors

D. BARNETT (BROKERS) LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST MAY 1999**

		1999	1998
		£	£
TURNOVER	2	663,492	639,052
Distribution costs		6,709	2,925
Administrative expenses		672,893	619,448
Other operating income	3	(8,561)	(9,009)
OPERATING (LOSS)/PROFIT	4	(7,549)	25,688
Interest receivable		10,303	12,232
Interest payable	7	(7,601)	(4,961)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(4,847)	32,959
Tax on (loss)/profit on ordinary activities	8	3,162	16,088
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(8,009)	16,871
Dividends	9	-	16,000
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		(8,009)	871
Balance brought forward		36,117	35,246
Balance carried forward		<u>28,108</u>	<u>36,117</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

D. BARNETT (BROKERS) LIMITED**BALANCE SHEET****31ST MAY 1999**

		1999		1998
		£	£	£
FIXED ASSETS				
Tangible assets	10	166,023		137,418
Investments	11	630		630
		<u>166,653</u>		<u>138,048</u>
CURRENT ASSETS				
Debtors due within one year	12	431,610	309,300	
Cash at bank and in hand		142,658	144,184	
		<u>574,268</u>	<u>453,484</u>	
CREDITORS: Amounts falling due within one year	13	<u>(687,997)</u>	<u>(508,347)</u>	
NET CURRENT LIABILITIES		<u>(113,729)</u>		<u>(54,863)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>52,924</u>		<u>83,185</u>
CREDITORS: Amounts falling due after more than one year	14	<u>(23,559)</u>		<u>(45,811)</u>
		<u>29,365</u>		<u>37,374</u>
CAPITAL AND RESERVES				
Called-up equity share capital	18	1,257		1,257
Profit and loss account	19	28,108		36,117
SHAREHOLDERS' FUNDS	20	<u>29,365</u>		<u>37,374</u>

These financial statements were approved by the directors on the18/8.....1999 and are signed on their behalf by:



 D. BARNETT

D. BARNETT (BROKERS) LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31ST MAY 1999**

	1999	1998
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	67,131	104,375
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	10,303	12,232
Interest paid	(5,804)	(4,786)
Interest element of finance lease rental payments	(1,797)	(175)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2,702	7,271
TAXATION	(11,475)	(19,636)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(95,029)	(87,330)
Receipts from sale of fixed assets	41,310	34,623
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(53,719)	(52,707)
EQUITY DIVIDENDS PAID	-	(16,000)
CASH INFLOW BEFORE FINANCING	4,639	23,303
FINANCING		
Repayment of bank loans	(30,005)	18,040
Capital element of finance lease rental payments	16,922	9,888
NET CASH (OUTFLOW)/INFLOW FROM FINANCING	(13,083)	27,928
(DECREASE)/INCREASE IN CASH	(8,444)	51,231

D. BARNETT (BROKERS) LIMITED**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 31ST MAY 1999****RECONCILIATION OF OPERATING (LOSS)/PROFIT TO
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	1999 £	1998 £
Operating (loss)/profit	(7,549)	25,688
Depreciation	33,675	42,284
Profit on disposal of fixed assets	(8,561)	(9,009)
(Increase)/Decrease in debtors	(122,310)	128,726
Increase/(Decrease) in creditors	171,876	(83,314)
Net cash inflow from operating activities	<u>67,131</u>	<u>104,375</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	1999 £	1998 £
(Decrease)/Increase in cash in the period	(8,444)	51,231
Net cash outflow/(inflow) from bank loans	30,005	(18,040)
Net cash inflow in respect of finance leases	(16,922)	(9,888)
Change in net funds	<u>4,639</u>	<u>23,303</u>
Net funds at 1st June 1998	<u>58,665</u>	<u>35,362</u>
Net funds at 31st May 1999	<u>63,304</u>	<u>58,665</u>

D. BARNETT (BROKERS) LIMITED**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 31ST MAY 1999****ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 June 1998 £	Cash flows £	At 31 May 1999 £
Net cash:			
Cash in hand and at bank	144,184	(1,526)	142,658
Overdrafts	-	(6,918)	(6,918)
	<u>144,184</u>	<u>(8,444)</u>	<u>135,740</u>
Debt:			
Debt due within 1 year	(36,000)	-	(36,000)
Debt due after 1 year	(39,631)	30,005	(9,626)
Finance leases	(9,888)	(16,922)	(26,810)
	<u>(85,519)</u>	<u>13,083</u>	<u>(72,436)</u>
Net funds	<u>58,665</u>	<u>4,639</u>	<u>63,304</u>

D. BARNETT (BROKERS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

1. ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Turnover

Turnover comprises life commissions, general business commissions and other sundry commissions which are accounted for when the transaction has been accepted and the policy, where applicable, comes into force.

(c) Goodwill

Purchased goodwill is written off immediately against reserves. Goodwill which is generated by the activities of the company is not recognised as an asset in the balance sheet and the associated costs are written off to the profit and loss account when they are incurred.

(d) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Property Improvements	15% on written down value
Office Equipment	15% on written down value
Motor Vehicles	25% on written down value

Where an asset is disposed off after the year-end, and the residual value is known at the balance sheet date, then depreciation is adjusted to reflect this.

(e) Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

(f) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

(g) Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

(h) Fixed asset investments

Fixed asset investments are stated in the balance sheet at historic cost, unless there is a permanent diminution in value, in which they are stated at the lower of cost and net realisable value.

D. BARNETT (BROKERS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

A geographical analysis of turnover is given below:

	1999 £	1998 £
United Kingdom	663,492	639,052

3. OTHER OPERATING INCOME

	1999 £	1998 £
Profit on disposal of fixed assets	8,561	9,009

4. OPERATING LOSS/PROFIT

Operating loss/profit is stated after charging/(crediting):

	1999 £	1998 £
Depreciation	33,675	42,284
Profit on disposal of fixed assets	(8,561)	(9,009)
Auditors' remuneration		
- as auditors	7,403	7,403
- accountancy	891	549
Operating lease costs:		
Plant and equipment	(361)	985

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	1999 No.	1998 No.
Number of administrative staff	29	28

D. BARNETT (BROKERS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

5. PARTICULARS OF EMPLOYEES *(continued)*

The aggregate payroll costs of the above were:

	1999 £	1998 £
Wages and salaries	368,434	313,389
Social security costs	46,287	36,735
Other pension costs	21,330	38,737
	<u>436,051</u>	<u>388,861</u>

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	1999 £	1998 £
Emoluments receivable	177,772	127,212
Value of company pension contributions to money purchase schemes	21,330	38,737
	<u>199,102</u>	<u>165,949</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	1999 No.	1998 No.
Money purchase schemes	<u>3</u>	<u>3</u>

7. INTEREST PAYABLE

	1999 £	1998 £
Interest payable on bank borrowing	5,804	4,786
Finance charges	1,797	175
	<u>7,601</u>	<u>4,961</u>

D. BARNETT (BROKERS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

8. TAX ON LOSS/PROFIT ON ORDINARY ACTIVITIES

	1999	1998
	£	£
In respect of the year:		
Corporation tax based on the results for the year at 21% (1998 - 24%)	3,162	15,475
Adjustment in respect of previous years:		
Corporation tax	-	613
	<u>3,162</u>	<u>16,088</u>

9. DIVIDENDS

No dividend has been recommended for the year ended 31st May 1999.

	1999	1998
	£	£
Dividends paid on equity shares	<u>-</u>	<u>16,000</u>

D. BARNETT (BROKERS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

10. TANGIBLE FIXED ASSETS

	Property improvements £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1st June 1998	5,213	64,989	179,528	249,730
Additions	-	22,771	72,258	95,029
Disposals	-	-	(49,175)	(49,175)
At 31st May 1999	<u>5,213</u>	<u>87,760</u>	<u>202,611</u>	<u>295,584</u>
DEPRECIATION				
At 1st June 1998	3,542	43,610	65,160	112,312
Charge for the year	251	6,626	26,798	33,675
On disposals	-	-	(16,426)	(16,426)
At 31st May 1999	<u>3,793</u>	<u>50,236</u>	<u>75,532</u>	<u>129,561</u>
NET BOOK VALUE				
At 31st May 1999	<u>1,420</u>	<u>37,524</u>	<u>127,079</u>	<u>166,023</u>
At 31st May 1998	<u>1,671</u>	<u>21,379</u>	<u>114,368</u>	<u>137,418</u>

Hire purchase agreements

Included within the net book value of £166,023 is £31,846 (1998 - £11,899) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £10,605 (1998 - £3,966).

11. INVESTMENTS

	Unlisted £
COST	
At 1st June 1998 and 31st May 1999	<u>630</u>
NET BOOK VALUE	
At 31st May 1999	<u>630</u>
At 31st May 1998	<u>630</u>

D. BARNETT (BROKERS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

12. DEBTORS

	1999 £	1998 £
Trade debtors	381,148	268,587
Owed by related companies	22,354	20,045
Other debtors	7,249	249
Called up share capital not paid	1,000	1,000
Prepayments and accrued income	19,859	19,419
	<u>431,610</u>	<u>309,300</u>

13. CREDITORS: Amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	42,918	36,000
Trade creditors	523,411	407,012
Amounts due related companies	500	-
Other creditors including taxation and social security:		
Corporation tax	3,162	11,475
PAYE and social security	15,098	13,253
Hire purchase agreements	12,877	3,708
Directors current accounts	164	164
	<u>31,301</u>	<u>28,600</u>
Accruals and deferred income	89,867	36,735
	<u>687,997</u>	<u>508,347</u>

The following liabilities, disclosed under creditors falling due within one year, are secured by the company:

	1999 £	1998 £
Hire purchase agreements	<u>12,877</u>	<u>3,708</u>

D. BARNETT (BROKERS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

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

	1999	1998
	£	£
Bank loans and overdrafts	9,626	39,631
Hire purchase agreements	13,933	6,180
	<u>23,559</u>	<u>45,811</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	1999	1998
	£	£
Hire purchase agreements	<u>13,933</u>	<u>6,180</u>

15. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	1999	1998
	£	£
Amounts payable within 1 year	14,948	4,404
Amounts payable between 2 to 5 years	16,116	7,339
	<u>31,064</u>	<u>11,743</u>
Less interest and finance charges relating to future periods	(4,254)	(1,855)
	<u>26,810</u>	<u>9,888</u>

D. BARNETT (BROKERS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

16. COMMITMENTS UNDER OPERATING LEASES

At 31st May 1999 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings	
	1999	1998
	£	£
Operating leases which expire:		
Within 1 year	1,638	830
Within 2 to 5 years	11,486	-
	<u>13,124</u>	<u>830</u>

17. RELATED PARTY TRANSACTIONS

During the year the company entered into the following transactions with Independent Survey Services Limited, a company in which Mr Barnett and Mr Jackson have material interests as directors and shareholders:

	1999	1998
	£	£
Purchases	<u>18,307</u>	<u>16,670</u>

The loan account balances at the year-end for companies in which the directors have material interests as directors or shareholders, are as follows:

	1999	1998
Amounts due from/(to) related companies	£	£
Independent Survey Services Limited	3,342	6,842
D. Barnett (Buxton) Limited	200	200
U.K. Facilities Plc	18,812	13,003
D.B. (U.K.) Limited	<u>(500)</u>	<u>-</u>

D. BARNETT (BROKERS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

18. SHARE CAPITAL**Authorised share capital:**

	1999	1998
	£	£
15,000 Ordinary shares of £0.10 each	<u>1,500</u>	<u>1,500</u>

Allotted, called up and fully paid:

	1999	1998
	£	£
Ordinary share capital	<u>1,257</u>	<u>1,257</u>

19. PROFIT AND LOSS ACCOUNT

	1999	1998
	£	£
Balance brought forward	36,117	35,246
Retained (loss)/profit for the financial year	(8,009)	871
Balance carried forward	<u>28,108</u>	<u>36,117</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
(Loss)/Profit for the financial year	(8,009)	16,871
Dividends	-	(16,000)
	<u>(8,009)</u>	<u>871</u>
Opening shareholders' equity funds	37,374	36,503
Closing shareholders' equity funds	<u>29,365</u>	<u>37,374</u>