

Company Registration No. 02106087 (England and Wales)

GENERAL INSURANCE BROKERS (UK) PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001



GENERAL INSURANCE BROKERS (UK) PLC

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | Sameer Mirza Rahail Mirza |
| Secretary | Rahail Mirza |
| Company number | 02106087 |
| Registered office | 298/300 Preston Road Harrow Middlesex HA3 0QB |
| Auditors | Charterhouse (Accountants) LLP 88-98 College Road Harrow Middlesex HA1 1RA |
| Business address | 90 Bishops Bridge Road London W2 5AA |
| Solicitors | W R Burrows & Son 298/300 Preston Road Harrow Middlesex HA3 0QB |

GENERAL INSURANCE BROKERS (UK) PLC

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GENERAL INSURANCE BROKERS (UK) PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their report and financial statements for the year ended 31 December 2001.

Principal activities, review of the business and future developments

The principal activities of the company in the year under review continued to be that of insurance brokers.

The directors consider the profit achieved on ordinary activities before taxation to be satisfactory. The company is adequately placed to take advantage of business opportunities, and the directors consider the state of affairs to be satisfactory.

Results and dividends

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

The directors do not recommend payment of an ordinary dividend.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Directors

The following directors have held office since 1 January 2001:

Sameer Mirza
Rahail Mirza

Directors' interests

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

| | Ordinary shares of £ 1 each | |
|--------------|-----------------------------|----------------|
| | 31 December 2001 | 1 January 2001 |
| Sameer Mirza | 32,500 | 32,500 |
| Rahail Mirza | 12,750 | 12,750 |

Creditor payment policy

It is the company's policy that the payments to suppliers are made substantially in accordance with those terms and conditions made between the company and its suppliers, provided that all trading terms and conditions are complied with.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Charterhouse (Accountants) LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

GENERAL INSURANCE BROKERS (UK) PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

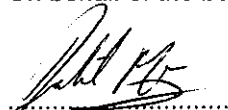
Directors' responsibilities

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



Rahail Mirza

Director

03/07/02

GENERAL INSURANCE BROKERS (UK) PLC

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF GENERAL INSURANCE BROKERS (UK) PLC

We have audited the financial statements of General Insurance Brokers (UK) plc on pages 4 to 14 for the year ended 31 December 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

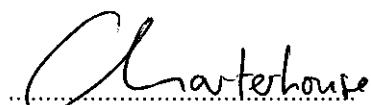
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Charterhouse (Accountants) LLP

Date..... 9/7/02

Registered Auditor

88-98 College Road
Harrow
Middlesex
HA1 1RA

GENERAL INSURANCE BROKERS (UK) PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

| | Notes | 2001 £ | 2000 £ |
|--|-------|----------------|----------------|
| Turnover | 2 | 476,735 | 485,926 |
| Cost of sales | | (90,593) | (35,451) |
| Gross profit | | 386,142 | 450,475 |
| Administrative expenses | | (126,487) | (132,539) |
| Operating profit | 3 | 259,655 | 317,936 |
| Investment income | 4 | - | 447 |
| Other interest receivable and similar income | | 62,127 | 56,617 |
| Profit on ordinary activities before taxation | | 321,782 | 375,000 |
| Tax on profit on ordinary activities | 5 | (68,346) | (86,105) |
| Profit on ordinary activities after taxation | 11 | 253,436 | 288,895 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

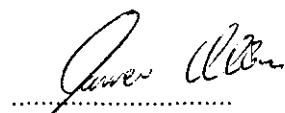
There are no recognised gains and losses other than those passing through the profit and loss account.

GENERAL INSURANCE BROKERS (UK) PLC

BALANCE SHEET AS AT 31 DECEMBER 2001

| | Notes | 2001 £ | £ | 2000 £ | £ |
|---|-------|------------------|----------------|------------------|----------------|
| Fixed assets | | | | | |
| Tangible assets | 6 | | 85,938 | | 83,034 |
| Current assets | | | | | |
| Debtors | 7 | 33,278 | | 3,640 | |
| Cash at bank and in hand | | 1,314,611 | | 1,052,872 | |
| | | <u>1,347,889</u> | | <u>1,056,512</u> | |
| Creditors: amounts falling due within one year | 8 | <u>(543,852)</u> | | <u>(505,057)</u> | |
| Net current assets | | | 804,037 | | 551,455 |
| Total assets less current liabilities | | | <u>889,975</u> | | <u>634,489</u> |
| Provisions for liabilities and charges | | | (2,050) | | - |
| | | | <u>887,925</u> | | <u>634,489</u> |
| Capital and reserves | | | | | |
| Called up share capital | 10 | 50,000 | | 50,000 | |
| Profit and loss account | 11 | 837,925 | | 584,489 | |
| Shareholders' funds - equity interests | 12 | <u>887,925</u> | | <u>634,489</u> | |

The financial statements were approved by the Board on 03/07/02


 Sameer Mirza
 Director

GENERAL INSURANCE BROKERS (UK) PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2001

| | 2001 £ | 2000 £ |
|--|-----------|-----------|
| Net cash inflow from operating activities | 296,083 | 255,661 |
| Returns on investments and servicing of finance | | |
| Interest received | 62,127 | 56,617 |
| Net cash inflow for returns on investments and servicing of finance | 62,127 | 56,617 |
| Taxation | (86,000) | (48,297) |
| Capital expenditure and financial investment | | |
| Payments to acquire tangible assets | (7,289) | (1,378) |
| Receipts from sales of investments | - | 447 |
| Net cash outflow for capital expenditure | (7,289) | (931) |
| Equity dividends paid | - | (100,000) |
| Net cash inflow before management of liquid resources and financing | 264,921 | 163,050 |
| Increase in cash in the year | 264,921 | 163,050 |

GENERAL INSURANCE BROKERS (UK) PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2001

| | | | | | |
|---|---|----------------|-----------|------------------------|------------------|
| 1 | Reconciliation of operating profit to net cash inflow from operating activities | | | 2001 | 2000 |
| | | | | £ | £ |
| | Operating profit | | | 259,655 | 317,936 |
| | Depreciation of tangible assets | | | 4,385 | 3,565 |
| | (Increase)/decrease in debtors | | | (29,638) | 10,024 |
| | Increase/(decrease) in creditors within one year | | | 61,681 | (75,864) |
| | | | | | |
| | Net cash inflow from operating activities | | | 296,083 | 255,661 |
| | | | | | |
| 2 | Analysis of net funds | 1 January 2001 | Cash flow | Other non-cash changes | 31 December 2001 |
| | | £ | £ | £ | £ |
| | Net cash: | | | | |
| | Cash at bank and in hand | 897,840 | 225,150 | - | 1,122,990 |
| | Bank overdrafts | (3,496) | 3,182 | - | (314) |
| | | | | | |
| | | 894,344 | 228,332 | - | 1,122,676 |
| | | | | | |
| | Liquid resources: | | | | |
| | Bank deposits | 155,032 | 36,589 | - | 191,621 |
| | | | | | |
| | | | | | |
| | Net funds | 1,049,376 | 264,921 | - | 1,314,297 |
| | | | | | |
| 3 | Reconciliation of net cash flow to movement in net funds | | | 2001 | 2000 |
| | | | | £ | £ |
| | Increase in cash in the year | | | 228,332 | 8,018 |
| | Cash outflow from increase in liquid resources | | | 36,589 | 155,032 |
| | | | | | |
| | Movement in net funds in the year | | | 264,921 | 163,050 |
| | Opening net funds | | | 1,049,376 | 886,326 |
| | | | | | |
| | Closing net funds | | | 1,314,297 | 1,049,376 |

GENERAL INSURANCE BROKERS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents brokerage and fees which are recognised when fee notes are issued irrespective of the inception date or period of insurance. Alterations in brokerage arising from return and additional premiums and adjustments are taken into account as and when these occur. Commissions and bonuses are recognised on a receipts basis.

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:

| | |
|--------------------------------|----------------------|
| Land and buildings Leasehold | 2% straight line |
| Fixtures, fittings & equipment | 15% reducing balance |
| Motor vehicles | 25% reducing balance |

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Pensions

The company operates a money purchase (defined contribution) pension scheme. Contributions made to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

1.7 Deferred taxation

The accounting policy in respect of deferred taxation has been changed to reflect the requirements of FRS 19 'Deferred taxation'. Provision is made at current rates for tax deferred in respect of all material timing differences. The company has not adopted a policy of discounting deferred tax assets and liabilities.

As the effect of the change in the accounting policy is not significant a prior period adjustment is not required.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

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

GENERAL INSURANCE BROKERS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

| | | | |
|----------|--|-------------------|-------------------|
| 3 | Operating profit | 2001 | 2000 |
| | | £ | £ |
| | Operating profit is stated after charging: | | |
| | Depreciation of tangible assets | 4,385 | 3,565 |
| | Operating lease rentals | | |
| | - Plant and machinery | 3,526 | 2,933 |
| | Auditors' remuneration | 6,750 | 5,000 |
| | and after crediting: | | |
| | Profit on foreign exchange transactions | (1,906) | (10,123) |
| | | <u> </u> | <u> </u> |
| 4 | Investment income | 2001 | 2000 |
| | | £ | £ |
| | Income from fixed asset investments | - | 447 |
| | | <u> </u> | <u> </u> |

GENERAL INSURANCE BROKERS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

| 5 | Taxation | 2001 £ | 2000 £ |
|---|---|-----------|-----------|
| | Domestic current year tax | | |
| | U.K. corporation tax | 66,448 | 86,105 |
| | Adjustment for prior years | (152) | - |
| | Current tax charge | 66,296 | 86,105 |
| | Deferred tax | | |
| | Deferred tax charge credit current year | 2,050 | - |
| | | 68,346 | 86,105 |
| | Factors affecting the tax charge for the year | | |
| | Profit on ordinary activities before taxation | 321,782 | 375,000 |
| | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2000 : 20.00%) | 64,356 | 75,000 |
| | Effects of: | | |
| | Non deductible expenses | 135 | 1,096 |
| | Depreciation | 877 | 713 |
| | Capital allowances | (1,401) | (745) |
| | Adjustments to previous periods | (152) | - |
| | Chargeable disposals | - | 89 |
| | Other tax adjustments | 2,481 | 9,952 |
| | | 1,940 | 11,105 |
| | Current tax charge | 66,296 | 86,105 |

GENERAL INSURANCE BROKERS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

6 Tangible fixed assets

| | Land and buildings Leasehold | Fixtures, fittings & equipment | Motor vehicles | Total |
|-----------------------|------------------------------------|--------------------------------------|-------------------|---------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 January 2001 | 75,393 | 71,128 | 9,961 | 156,482 |
| Additions | - | 7,289 | - | 7,289 |
| At 31 December 2001 | 75,393 | 78,417 | 9,961 | 163,771 |
| Depreciation | | | | |
| At 1 January 2001 | 6,518 | 59,332 | 7,598 | 73,448 |
| Charge for the year | 1,933 | 1,861 | 591 | 4,385 |
| At 31 December 2001 | 8,451 | 61,193 | 8,189 | 77,833 |
| Net book value | | | | |
| At 31 December 2001 | 66,942 | 17,224 | 1,772 | 85,938 |
| At 31 December 2000 | 68,875 | 11,796 | 2,363 | 83,034 |

Leasehold land and buildings consists of long leasehold premises.

7 Debtors

| | 2001 £ | 2000 £ |
|--------------------------------|-----------|-----------|
| Other debtors | - | 1,705 |
| Prepayments and accrued income | 33,278 | 1,935 |
| | 33,278 | 3,640 |

8 Creditors: amounts falling due within one year

| | 2001 £ | 2000 £ |
|---------------------------------------|-----------|-----------|
| Bank loans and overdrafts | 314 | 3,496 |
| Trade creditors | 457,830 | 407,829 |
| Corporation tax | 66,448 | 86,152 |
| Other taxes and social security costs | 1,096 | 2,580 |
| Accruals and deferred income | 18,164 | 5,000 |
| | 543,852 | 505,057 |

GENERAL INSURANCE BROKERS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

9 Pension costs

Defined contribution

| | 2001 £ | 2000 £ |
|---|-----------|-----------|
| Contributions payable by the company for the year | 2,400 | 2,400 |

10 Share capital

| | 2001 £ | 2000 £ |
|---|-----------|-----------|
| Authorised | | |
| 50,000 Ordinary shares of £ 1 each | 50,000 | 50,000 |
| Allotted, called up and fully paid | | |
| 50,000 Ordinary shares of £ 1 each | 50,000 | 50,000 |

11 Statement of movements on profit and loss account

| | Profit and loss account £ |
|------------------------------|------------------------------------|
| Balance at 1 January 2001 | 584,489 |
| Retained profit for the year | 253,436 |
| Balance at 31 December 2001 | 837,925 |

12 Reconciliation of movements in shareholders' funds

| | 2001 £ | 2000 £ |
|-------------------------------|-----------|-----------|
| Profit for the financial year | 253,436 | 288,895 |
| Opening shareholders' funds | 634,489 | 345,594 |
| Closing shareholders' funds | 887,925 | 634,489 |

GENERAL INSURANCE BROKERS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

13 Financial commitments

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | | | |
|--------------------|--------------------|--------------|--------------|---------------|
| | 2001 | 2000 | 2001 | Other 2000 |
| | £ | £ | £ | £ |
| Expiry date: | | | | |
| Within one year | - | - | 2,502 | 2,855 |
| In over five years | 1,000 | 1,000 | - | - |
| | <u>1,000</u> | <u>1,000</u> | <u>2,502</u> | <u>2,855</u> |

14 Directors' emoluments

| | 2001 £ | 2000 £ |
|---|---------------|---------------|
| Emoluments for qualifying services | 14,940 | 14,275 |
| Company pension contributions to money purchase schemes | 1,200 | 2,400 |
| | <u>16,140</u> | <u>16,675</u> |

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2000 - 1).

15 Employees

Number of employees

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

| | 2001 Number | 2000 Number |
|-------------------------|----------------|----------------|
| Administration | <u>7</u> | <u>7</u> |
| Employment costs | | |
| | £ | £ |
| Wages and salaries | 68,354 | 76,353 |
| Other pension costs | 2,400 | 2,400 |
| | <u>70,754</u> | <u>78,753</u> |

GENERAL INSURANCE BROKERS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

16 Related party transactions

The controlling party is Mr S Mirza by virtue of his ownership of 65% of the issued share capital in the company.

Mr A Mirza, the directors' father, holds the freehold title in respect of the company's property held on a long leasehold agreement. During the year the ground rents of £1,000 (2000 - £1,000) were payable to A Mirza.

During the year consultancy fees of £24,000 (2000 - £7,500) was paid to Mr A Mirza. Included in accruals is a provision for £9,000 relating to consultancy fees payable to Mr A Mirza.