

HEDGES AND ROSE INSURANCE SERVICE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2001



Company Registration Number 02107770

EVANS, MURDOCH & CO.

Chartered Certified Accountants & Registered Auditors
26/27 Park Street
Treforest
Pontypridd
Rhondda Cynon Taff
CF37 1SN

HEDGES AND ROSE INSURANCE SERVICE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2001

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HEDGES AND ROSE INSURANCE SERVICE LIMITED**OFFICERS AND PROFESSIONAL ADVISERS**

The board of directors

Mr A Rose
Mr M Jones

Company secretary

Mr J Long

Registered office

Talbot House
Talbot Green
Mid Glamorgan
CF72 8AF

Auditors

Evans, Murdoch & Co.
Chartered Certified Accountants
& Registered Auditors
26/27 Park Street
Treforest
Pontypridd
Rhondda Cynon Taff
CF37 1SN

Bankers

Barclays Bank plc
91 Taff Street
Pontypridd
CF37 4SL

HEDGES AND ROSE INSURANCE SERVICE LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST MARCH 2001

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2001.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The company's balance sheet shows a satisfactory position, and shareholders' funds continue to accumulate.

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 recommended the following dividends:

	2001 £	2000 £
Dividends paid on ordinary shares	<u>93,750</u>	<u>80,000</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

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

	Ordinary Shares of £1 each	
	At 31 March 2001	At 1 April 2000
Mr A Rose	80	89
Mr M Jones	<u>20</u>	<u>11</u>

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.

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.

HEDGES AND ROSE INSURANCE SERVICE LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 31ST MARCH 2001**

DONATIONS

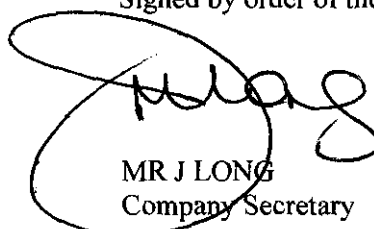
During the year the company made the following contributions:

	2001	2000
	£	£
Charitable	<u>340</u>	<u>90</u>

AUDITORS

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

Signed by order of the directors



MR J LONG
Company Secretary

Approved by the directors on 6th December 2001

HEDGES AND ROSE INSURANCE SERVICE LIMITED**AUDITORS' REPORT TO THE SHAREHOLDERS****YEAR ENDED 31ST MARCH 2001**

We have audited the financial statements on pages 5 to 16 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 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 statements and to report our opinion to you.

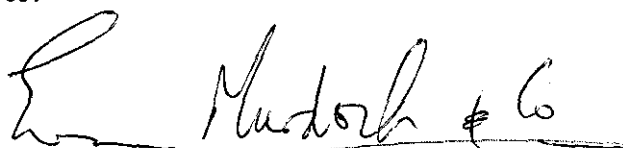
BASIS OF AUDIT OPINION

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 as at 31st March 2001 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



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EVANS, MURDOCH & CO.
Chartered Certified Accountants
& Registered Auditors

6th December 2001

HEDGES AND ROSE INSURANCE SERVICE LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST MARCH 2001**

	Note	2001 £	2000 £
TURNOVER	2	2,598,526	2,304,774
Cost of sales		<u>2,119,437</u>	<u>1,879,796</u>
GROSS PROFIT		479,089	424,978
Administrative expenses		333,089	307,861
Other operating income	3	<u>(21,065)</u>	<u>(4,361)</u>
OPERATING PROFIT	4	167,065	121,478
Interest receivable	7	8,710	8,705
Interest payable	8	<u>(17,958)</u>	<u>(14,344)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		157,817	115,839
Tax on profit on ordinary activities	9	<u>(28,166)</u>	<u>(25,647)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		129,651	90,192
Dividends	10	<u>93,750</u>	<u>80,000</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		35,901	10,192
Balance brought forward		<u>78,239</u>	<u>68,047</u>
Balance carried forward		<u><u>114,140</u></u>	<u><u>78,239</u></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.

HEDGES AND ROSE INSURANCE SERVICE LIMITED**BALANCE SHEET****31ST MARCH 2001**

	Note	2001 £	2000 £
FIXED ASSETS			
Intangible assets	11	7,800	10,400
Tangible assets	12	208,758	201,813
Investments	13	7,900	7,900
		<u>224,458</u>	<u>220,113</u>
CURRENT ASSETS			
Debtors	14	302,593	158,244
Cash at bank and in hand	15	180,688	208,356
		<u>483,281</u>	<u>366,600</u>
CREDITORS: Amounts falling due within one year	16	<u>(459,050)</u>	<u>(377,855)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>24,231</u>	<u>(11,255)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>248,689</u>	<u>208,858</u>
CREDITORS: Amounts falling due after more than one year	17	<u>(134,449)</u>	<u>(130,519)</u>
		<u>114,240</u>	<u>78,339</u>
CAPITAL AND RESERVES			
Called-up equity share capital	21	100	100
Profit and Loss Account		114,140	78,239
SHAREHOLDERS' FUNDS	22	<u>114,240</u>	<u>78,339</u>

These financial statements were approved by the directors on the 6th December 2001 and are signed on their behalf by:

MR A ROSE



HEDGES AND ROSE INSURANCE SERVICE LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31ST MARCH 2001**

	2001		2000	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		128,950		135,807
Interest received	8,710		8,705	
Interest paid	(9,942)		(9,824)	
Interest element of hire purchase	(8,016)		(4,520)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(9,248)		(5,639)
TAXATION		(24,460)		(13,178)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire tangible fixed assets	(44,116)		(3,620)	
Receipts from sale of fixed assets	23,999		-	
Acquisition of Investments brought forward	(7,900)		(7,900)	
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(28,017)		(11,520)
EQUITY DIVIDENDS PAID		(93,750)		(80,000)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(26,525)		25,470
FINANCING				
Repayment of bank loans	(6,906)		(6,994)	
Capital element of hire purchase	(2,137)		(11,002)	
NET CASH OUTFLOW FROM FINANCING		(9,043)		(17,996)
(DECREASE)/INCREASE IN CASH		(35,568)		7,474

HEDGES AND ROSE INSURANCE SERVICE LIMITED**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 31ST MARCH 2001****RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2001	2000
	£	£
Operating profit	167,065	121,478
Amortisation	2,600	3,438
Depreciation	22,487	19,600
Profit on disposal of fixed assets	(9,315)	-
(Increase)/Decrease in debtors	(144,349)	7,993
Increase/(Decrease) in creditors	90,462	(16,702)
Net cash inflow from operating activities	128,950	135,807

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2001	2000
	£	£
(Decrease)/Increase in cash in the period	(35,568)	7,474
Net cash outflow from bank loans	6,906	6,994
Cash outflow in respect of hire purchase	2,137	11,002
	(26,525)	25,470
Change in net funds	(26,525)	25,470
Net funds at 1st April 2000	45,567	11,407
Net funds at 31st March 2001	26,942	45,567

HEDGES AND ROSE INSURANCE SERVICE LIMITED**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 31ST MARCH 2001****ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Apr 2000 £	Cash flows £	At 31 Mar 2001 £
Net cash:			
Cash in hand and at bank	208,356	(27,668)	180,688
Debt:			
Debt due within 1 year	(16,750)	16,750	-
Debt due after 1 year	(104,621)	(9,844)	(114,465)
Hire purchase agreements	(41,418)	2,137	(39,281)
	(162,789)	9,043	(153,746)
Net funds	45,567	(18,625)	26,942

HEDGES AND ROSE INSURANCE SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2001

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Amortisation

Amortisation 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:

Goodwill - 25% straight line

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:

Freehold Property - 2% straight line
 Fixtures & Fittings - 20% reducing balance
 Motor Vehicles - 25% reducing balance

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 on a straight line basis.

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.

2. TURNOVER

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

An analysis of turnover is given below:

	2001	2000
	£	£
United Kingdom	<u>2,598,526</u>	<u>2,304,774</u>

HEDGES AND ROSE INSURANCE SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2001

3. OTHER OPERATING INCOME

	2001	2000
	£	£
Rent receivable	11,750	4,250
Profit on disposal of fixed assets	9,315	-
Other operating income	-	111
	<u>21,065</u>	<u>4,361</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2001	2000
	£	£
Amortisation	2,600	3,438
Depreciation	22,487	19,600
Profit on disposal of fixed assets	(9,315)	-
Auditors' remuneration		
- as auditors	<u>3,084</u>	<u>2,938</u>

5. PARTICULARS OF EMPLOYEES

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

	2001	2000
	No.	No.
Number of administrative staff	<u>11</u>	<u>11</u>

The aggregate payroll costs of the above were:

	2001	2000
	£	£
Wages and salaries	189,240	175,059
Social security costs	-	-
Other pension costs	2,228	9,778
	<u>191,468</u>	<u>184,837</u>

6. DIRECTORS' EMOLUMENTS

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

	2001	2000
	£	£
Emoluments receivable	66,256	56,031
Value of company pension contributions to money purchase schemes	1,000	8,850
	<u>67,256</u>	<u>64,881</u>

HEDGES AND ROSE INSURANCE SERVICE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 2001****6. DIRECTORS' EMOLUMENTS** *(continued)*

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

	2001	2000
	No.	No.
Money purchase schemes	<u>2</u>	<u>2</u>

7. INTEREST RECEIVABLE

	2001	2000
	£	£
Bank interest receivable	<u>8,710</u>	<u>8,705</u>

8. INTEREST PAYABLE

	2001	2000
	£	£
Interest payable on bank borrowing	9,942	9,824
Finance charges	8,016	4,520
	<u>17,958</u>	<u>14,344</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001	2000
	£	£
In respect of the year:		
Corporation Tax based on the results for the year at 20% (2000 - 20%)	31,175	25,647
Adjustment in respect of previous years:		
Corporation Tax	(3,009)	-
	<u>28,166</u>	<u>25,647</u>

10. DIVIDENDS

The following dividends have been paid in respect of the year:

	2001	2000
	£	£
Dividend paid on ordinary shares	<u>93,750</u>	<u>80,000</u>

HEDGES AND ROSE INSURANCE SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2001

11. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1st April 2000 and 31st March 2001	<u>13,838</u>
AMORTISATION	
At 1st April 2000	3,438
Charge for the year	<u>2,600</u>
At 31st March 2001	<u>6,038</u>
NET BOOK VALUE	
At 31st March 2001	<u>7,800</u>
At 31st March 2000	<u>10,400</u>

12. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST					
At 1 April 2000	151,538	74,027	59,800	-	285,365
Additions	-	8,456	34,995	665	44,116
Disposals	-	-	(34,805)	-	(34,805)
At 31 March 2001	<u>151,538</u>	<u>82,483</u>	<u>59,990</u>	<u>665</u>	<u>294,676</u>
DEPRECIATION					
At 1 April 2000	2,131	46,849	34,572	-	83,552
Charge for the year	2,131	8,971	11,385	-	22,487
On disposals	-	-	(20,121)	-	(20,121)
At 31 March 2001	<u>4,262</u>	<u>55,820</u>	<u>25,836</u>	<u>-</u>	<u>85,918</u>
NET BOOK VALUE					
At 31 March 2001	<u>147,276</u>	<u>26,663</u>	<u>34,154</u>	<u>665</u>	<u>208,758</u>
At 31 March 2000	<u>149,407</u>	<u>27,178</u>	<u>25,228</u>	<u>-</u>	<u>201,813</u>

Hire purchase agreements

Included within the net book value of £208,758 is £45,832 (2000 - £40,798) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £15,278 (2000 - £13,601).

HEDGES AND ROSE INSURANCE SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2001

13. INVESTMENTS

	Investments other than loans £
COST	
Additions	7,900
At 31st March 2001	<u>7,900</u>
 NET BOOK VALUE	
At 31st March 2001	<u>7,900</u>

14. DEBTORS

	2001 £	2000 £
Trade debtors	296,246	157,111
Other debtors	6,347	1,133
	<u>302,593</u>	<u>158,244</u>

15. CASH AT BANK AND IN HAND

	2001 £	2000 £
Cash at bank	180,639	208,321
Petty cash	49	35
	<u>180,688</u>	<u>208,356</u>

16. CREDITORS: Amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	-	16,750
Trade creditors	277,360	229,435
Hire purchase agreements	19,297	15,520
Other creditors including taxation		
Corporation Tax	31,175	27,469
PAYE and social security	4,062	4,536
Other creditors	<u>111,464</u>	<u>70,896</u>
	146,701	102,901
Accruals and deferred income	15,692	13,249
	<u>459,050</u>	<u>377,855</u>

HEDGES AND ROSE INSURANCE SERVICE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 2001****17. CREDITORS: Amounts falling due after more than one year**

	2001	2000
	£	£
Bank loans and overdrafts	114,465	104,621
Hire purchase agreements	19,984	25,898
	<u>134,449</u>	<u>130,519</u>

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

	2001	2000
	£	£
Bank loans and overdrafts	<u>106,998</u>	<u>111,396</u>

The security is in the form of a first charge over the company's freehold property, being repayable over a further 16 years at normal commercial interest rates.

18. PENSIONS

Pension contributions were paid as follows:

	2001	2000
	£	£
Staff contributions:		
Scheme 1	1,228	928
Directors contributions:		
Scheme 1	1,000	8,850
	<u>2,228</u>	<u>9,778</u>

19. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2001	2000
	£	£
Amounts payable within 1 year	19,297	15,520
Amounts payable between 1 and 2 years	24,904	30,726
	<u>44,201</u>	<u>46,246</u>
Less interest and finance charges relating to future periods	(4,920)	(4,828)
	<u>39,281</u>	<u>41,418</u>

HEDGES AND ROSE INSURANCE SERVICE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 2001****20. RELATED PARTY TRANSACTIONS**

The company was under the control of Mr A Rose, the managing director and members of his close family throughout the current and previous year. Mr A Rose is personally interested in 77% (2000: 86%) of the company's share capital. In addition, his ex-wife controls in aggregate a further 3% (2000: 3%) of the company's issued share capital.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

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

	2001	2000
	£	£
1,000 Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2001	2000
	£	£
Ordinary share capital	<u>100</u>	<u>100</u>

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Profit for the financial year	129,651	90,192
Dividends	<u>(93,750)</u>	<u>(80,000)</u>
	35,901	10,192
Opening shareholders' equity funds	<u>78,339</u>	<u>68,147</u>
Closing shareholders' equity funds	<u>114,240</u>	<u>78,339</u>

HEDGES AND ROSE INSURANCE SERVICE LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 31ST MARCH 2001

**The following pages do not form part of the statutory financial statements
which are the subject of the auditors' report on page 4.**