

COMPANY REGISTRATION NUMBER 02107770

HEDGES AND ROSE INSURANCE SERVICE LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st MARCH 2003



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

ABBREVIATED ACCOUNTS

YEAR ENDED 31st MARCH 2003

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

The board of directors

Mr A Rose
Mr M Jones
Mr D Thomas

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 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2003.

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:

	2003	2002
	£	£
Dividends paid on ordinary shares	<u>175,000</u>	<u>—</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	At
	31 March 2003	1 April 2002 or later date of appointment
Mr A Rose	70	73
Mr M Jones	25	25
Mr D Thomas (Appointed 6 April 2002)	<u>5</u>	<u>—</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 pages 9 to 10, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

HEDGES AND ROSE INSURANCE SERVICE LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2003

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.

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 30th December 2003

HEDGES AND ROSE INSURANCE SERVICE LIMITED
INDEPENDENT AUDITORS' REPORT TO THE COMPANY
PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 15, together with the financial statements of the company for the year ended 31st March 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company's shareholders, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 15

26/27 Park Street
Treforest
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CF37 1SN

30th December 2003



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

HEDGES AND ROSE INSURANCE SERVICE LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31st MARCH 2003

	Note	2003 £	2002 £
GROSS PROFIT		889,213	664,924
Administrative expenses		580,363	437,495
OPERATING PROFIT	2	308,850	227,429
Interest receivable	5	6,972	8,100
Interest payable	6	(16,427)	(16,256)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		299,395	219,273
Tax on profit on ordinary activities	7	67,122	50,284
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		232,273	168,989
Dividends	8	175,000	—
RETAINED PROFIT FOR THE FINANCIAL YEAR		57,273	168,989
Balance brought forward		283,129	114,140
Balance carried forward		340,402	283,129

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

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

HEDGES AND ROSE INSURANCE SERVICE LIMITED**ABBREVIATED BALANCE SHEET****31st MARCH 2003**

	Note	2003 £	2002 £
FIXED ASSETS			
Intangible assets	9	87,437	95,200
Tangible assets	10	208,181	237,637
Investments	11	7,900	7,900
		<u>303,518</u>	<u>340,737</u>
CURRENT ASSETS			
Debtors	12	636,495	372,038
Cash at bank and in hand	13	254,159	321,623
		<u>890,654</u>	<u>693,661</u>
CREDITORS: Amounts falling due within one year	14	<u>658,485</u>	<u>525,142</u>
NET CURRENT ASSETS		<u>232,169</u>	<u>168,519</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>535,687</u>	<u>509,256</u>
CREDITORS: Amounts falling due after more than one year	15	<u>187,685</u>	<u>226,027</u>
		<u>348,002</u>	<u>283,229</u>
Government grants	18	7,500	—
		<u>340,502</u>	<u>283,229</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	100	100
Profit and loss account		340,402	283,129
SHAREHOLDERS' FUNDS	20	<u>340,502</u>	<u>283,229</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on the 30th December 2003 and are signed on their behalf by:

MR A ROSE
Director

HEDGES AND ROSE INSURANCE SERVICE LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31st MARCH 2003**

	2003		2002	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		232,339		264,394
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	6,972		8,100	
Interest paid	(12,237)		(12,587)	
Interest element of hire purchase	<u>(4,190)</u>		<u>(3,669)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(9,455)		(8,156)
TAXATION		(50,300)		(31,175)
CAPITAL EXPENDITURE				
Payments to acquire intangible fixed assets	(34,444)		(108,000)	
Payments to acquire tangible fixed assets	(14,081)		(61,839)	
Receipts from sale of fixed assets	<u>16,000</u>		<u>—</u>	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(32,525)		(169,839)
EQUITY DIVIDENDS PAID		(175,000)		—
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(34,941)		55,224
FINANCING				
Repayment of bank loans	(28,814)		80,972	
Capital element of hire purchase	(13,651)		4,739	
New grants received	<u>9,942</u>		<u>—</u>	
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		(32,523)		85,711
(DECREASE)/INCREASE IN CASH		<u>(67,464)</u>		<u>140,935</u>

HEDGES AND ROSE INSURANCE SERVICE LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31st MARCH 2003

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Operating profit	308,850	227,429
Amortisation	42,207	20,600
Depreciation	23,852	32,960
Loss on disposal of fixed assets	3,685	—
Amortisation of government grants	(2,442)	—
Increase in debtors	(264,457)	(69,445)
Increase in creditors	120,644	52,850
Net cash inflow from operating activities	232,339	264,394

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2003	2002
	£	£
(Decrease)/increase in cash in the period	(67,464)	140,935
Net cash outflow from/(inflow) from bank loans	28,814	(80,972)
Cash outflow in respect of hire purchase	13,651	(4,739)
	(24,999)	55,224
Change in net funds	(24,999)	55,224
Net funds at 1 April 2002	82,166	26,942
Net funds at 31 March 2003	57,167	82,166

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2002	Cash flows	At 31 Mar 2003
	£	£	£
Net cash:			
Cash in hand and at bank	321,623	(67,464)	254,159
Debt:			
Debt due after 1 year	(195,437)	28,814	(166,623)
Hire purchase agreements	(44,020)	13,651	(30,369)
	(239,457)	42,465	(196,992)
Net funds	82,166	(24,999)	57,167

HEDGES AND ROSE INSURANCE SERVICE LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 31st MARCH 2003**

1. ACCOUNTING POLICIES**Basis of accounting**

The abbreviated accounts have been prepared under the historical cost convention.

Turnover

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

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

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	-	33% straight line
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Fixed assets

All fixed assets are initially recorded at cost.

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.

HEDGES AND ROSE INSURANCE SERVICE LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31st MARCH 2003

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

The deferred taxation is not material and therefore no provision has been made.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2003	2002
	£	£
Amortisation of government grants re fixed assets	(2,442)	—
Amortisation	42,207	20,600
Depreciation of owned fixed assets	16,822	19,001
Depreciation of assets held under hire purchase agreements	7,030	13,959
Loss on disposal of fixed assets	3,685	—
Auditors' remuneration		
- as auditors	<u>3,514</u>	<u>3,349</u>

3. PARTICULARS OF EMPLOYEES

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

	2003	2002
	No	No
Number of administrative staff	<u>19</u>	<u>16</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	326,547	232,822
Social security costs	30,651	18,833
Other pension costs	1,228	1,228
	<u>358,426</u>	<u>252,883</u>

HEDGES AND ROSE INSURANCE SERVICE LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31st MARCH 2003

4. DIRECTORS' EMOLUMENTS

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

	2003	2002
	£	£
Emoluments receivable	113,886	74,900
Value of company pension contributions to money purchase schemes	1,228	600
	<u>115,114</u>	<u>75,500</u>

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

	2003	2002
	No	No
Money purchase schemes	<u>3</u>	<u>2</u>

5. INTEREST RECEIVABLE

	2003	2002
	£	£
Bank interest receivable	<u>6,972</u>	<u>8,100</u>

6. INTEREST PAYABLE

	2003	2002
	£	£
Interest payable on bank borrowing	12,237	12,587
Finance charges	4,190	3,669
	<u>16,427</u>	<u>16,256</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003	2002
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 20% (2002 - 20%)	67,106	50,284
Over/under provision in prior year	16	—
Total current tax	<u>67,122</u>	<u>50,284</u>

8. DIVIDENDS

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

	2003	2002
	£	£
Dividend paid on ordinary shares	<u>175,000</u>	<u>—</u>

HEDGES AND ROSE INSURANCE SERVICE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31st MARCH 2003

9. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1st April 2002	121,838
Additions	34,444
At 31st March 2003	<u>156,282</u>
AMORTISATION	
At 1st April 2002	26,638
Charge for the year	42,207
At 31st March 2003	<u>68,845</u>
NET BOOK VALUE	
At 31st March 2003	<u>87,437</u>
At 31st March 2002	<u>95,200</u>

10. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1st April 2002	151,538	115,399	89,578	356,515
Additions	—	14,081	—	14,081
Disposals	—	—	(34,995)	(34,995)
At 31st March 2003	<u>151,538</u>	<u>129,480</u>	<u>54,583</u>	<u>335,601</u>
DEPRECIATION				
At 1st April 2002	6,393	70,714	41,771	118,878
Charge for the year	2,131	14,691	7,030	23,852
On disposals	—	—	(15,310)	(15,310)
At 31st March 2003	<u>8,524</u>	<u>85,405</u>	<u>33,491</u>	<u>127,420</u>
NET BOOK VALUE				
At 31st March 2003	<u>143,014</u>	<u>44,075</u>	<u>21,092</u>	<u>208,181</u>
At 31st March 2002	<u>145,145</u>	<u>44,685</u>	<u>47,807</u>	<u>237,637</u>

Hire purchase agreements

Included within the net book value of £208,181 is £21,092 (2002 - £41,875) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £7,030 (2002 - £13,959).

HEDGES AND ROSE INSURANCE SERVICE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31st MARCH 2003

11. INVESTMENTS

	Investments other than loans £
COST	
At 1st April 2002 and 31st March 2003	<u>7,900</u>
NET BOOK VALUE	
At 31st March 2003	<u>7,900</u>
At 31st March 2002	<u>7,900</u>

12. DEBTORS

	2003 £	2002 £
Trade debtors	596,815	353,832
Other debtors	39,680	11,132
Directors current accounts	—	7,074
	<u>636,495</u>	<u>372,038</u>

13. CASH AT BANK AND IN HAND

	2003 £	2002 £
Cash at bank	254,117	321,621
Petty cash	42	2
	<u>254,159</u>	<u>321,623</u>

14. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Trade creditors	528,217	437,461
Other creditors including taxation and social security:		
Corporation tax	67,106	50,284
PAYE and social security	10,194	6,349
Hire purchase agreements	9,307	13,430
Other creditors	—	11,497
Directors current accounts	34,842	—
	<u>121,449</u>	<u>81,560</u>
Accruals and deferred income	8,819	6,121
	<u>658,485</u>	<u>525,142</u>

HEDGES AND ROSE INSURANCE SERVICE LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 31st MARCH 2003****15. CREDITORS: Amounts falling due after more than one year**

	2003	2002
	£	£
Bank loans and overdrafts	166,623	195,437
Other creditors:		
Hire purchase agreements	21,062	30,590
	<u>187,685</u>	<u>226,027</u>

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

	2003	2002
	£	£
Bank loans and overdrafts	<u>166,623</u>	<u>195,437</u>

The security is in the form of a first charge over the company's freehold property, directors' life policies, and directors' personal guarantees.

The directors' personal guarantees are limited to £50,000.

The £93,167 loan is due to mature 24th January 2017.

The £2,382 loan is due to mature 25th January 2004.

The £6,171 loan is due to mature 4th June 2006.

The £64,903 loan is due to mature 3rd August 2006.

All loans attract the normal commercial interest rates.

16. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2003	2002
	£	£
Amounts payable within 1 year	9,307	13,430
Amounts payable between 1 and 2 years	25,665	34,259
	<u>34,972</u>	<u>47,689</u>
Less interest and finance charges relating to future periods	(4,603)	(3,669)
	<u>30,369</u>	<u>44,020</u>
Hire purchase agreements are analysed as follows:		
Current obligations	9,307	13,430
Non-current obligations	21,062	30,590
	<u>30,369</u>	<u>44,020</u>

HEDGES AND ROSE INSURANCE SERVICE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31st MARCH 2003

17. PENSIONS

Pension contributions were paid as follows:

	2003 £	2002 £
Staff contributions:		
Scheme 1	—	628
Directors contributions:		
Scheme 1	1,228	600
	<u>1,228</u>	<u>1,228</u>

18. GOVERNMENT GRANTS

	2003 £	2002 £
Received and receivable:		
Receivable during year	9,942	—
At 31st March 2003	<u>9,942</u>	<u>—</u>
Amortisation:		
Credit to profit and loss account	2,442	—
At 31st March 2003	<u>2,442</u>	<u>—</u>
Net balance at 31st March 2003	<u>7,500</u>	<u>—</u>

19. SHARE CAPITAL

Authorised share capital:

	2003 £	2002 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	232,273	168,989
Dividends	(175,000)	—
	<u>57,273</u>	<u>168,989</u>
Opening shareholders' equity funds	283,229	114,240
Closing shareholders' equity funds	<u>340,502</u>	<u>283,229</u>