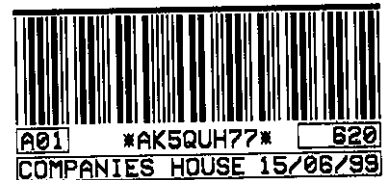


**LARKBARN LIMITED**  
**FINANCIAL STATEMENTS**

**31st DECEMBER 1998**

**Registered number: 2455250**



**JOHN LENNARDS**  
**CHARTERED CERTIFIED ACCOUNTANTS**  
**REGISTERED AUDITORS**

**LARKBARN LIMITED**

**FINANCIAL STATEMENTS**

**for the year ended 31st December 1998**

**CONTENTS**

|   | Page    |
|---|---------|
| Company information                         | 1       |
| Directors' report                           | 2       |
| Statement of directors'<br>responsibilities | 3       |
| Auditors' report                            | 4       |
| Profit and loss account                     | 5       |
| Balance sheet                               | 6       |
| Cash flow statement                         | 7       |
| Notes                                       | 8 to 13 |

**LARKBARN LIMITED****COMPANY INFORMATION****31st December 1998**

|                   |  |
|-------------------|--|
| INCORPORATED      | England & Wales  |
| NUMBER            | 2455250  |
| DIRECTORS         | R.W. Lamont<br>M.J. Chappell<br>M.A. Lamont  |
| SECRETARY         | R.W. Lamont  |
| REGISTERED OFFICE | 1364 London Road<br>Norbury<br>London<br>SW16 4DE  |
| BANKERS           | Barclays Bank plc<br>The Gatwick Group<br>90/92 High Street<br>Crawley<br>West Sussex RH10 1BP                                       |
| AUDITORS          | John Lennards Limited<br>Chartered Certified Accountants<br>Registered Auditors<br>1364 London Road<br>Norbury<br>London<br>SW16 4DE |

**LARKBARN LIMITED****DIRECTORS' REPORT****31st December 1998**

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

**Principal activity**

The principal activity of the company is insurance brokers.

**Business review**

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £10,406.

**Results and dividends**

The results for the year are shown in the profit and loss account on page 5. An ordinary dividend amounting to £65,000 was paid during the year.

**Directors**

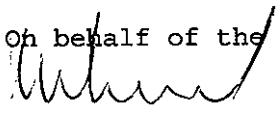
The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

|               | 31st December 1998<br>Ordinary<br>shares | 1st January 1998<br>Ordinary<br>shares |
|---------------|--|--|
| R.W. Lamont   | 143                                      | 143                                    |
| M.J. Chappell | 500                                      | 500                                    |
| M.A. Lamont   | 357                                      | 357                                    |

**Auditors**

The Company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary John Lennards Limited will continue in office.

On behalf of the board

  
R.W. Lamont  
Secretary

1364 London Road  
Norbury  
London  
SW16 4DE

28th May 1999

## LARKBARN LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

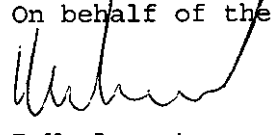
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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 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.

28th May 1999

On behalf of the board

X   
R.W. Lamont  
Director

*Reed*

**LARKBARN LIMITED****AUDITORS' REPORT****Auditors' report to the members of****Larkbarn Limited**

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 3, the company's directors are responsible for the preparation of 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 error or other irregularity. 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 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



London  
28th May 1999

John Lennards Limited  
Registered Auditors  
Chartered Certified Accountants

## LARKBARN LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1998

|  | Note | 1998<br>£ | 1997<br>£ |
|--|------|-----------|-----------|
| Turnover   | 2    | 183,767   | 154,997   |
| Net operating expenses                           |      |           |           |
| Administrative expenses                          |      | (108,111) | (105,161) |
| Other operating income                           |      | 1,323     | -         |
| Profit on ordinary activities<br>before taxation |      | 76,979    | 49,836    |
| Taxation   | 5    | (16,195)  | (10,870)  |
| Profit on ordinary activities<br>after taxation  |      | 60,784    | 38,966    |
| Dividends  | 6    | (65,000)  | (40,000)  |
| Retained loss for the year                       | 13   | (4,216)   | (1,034)   |

Movements in reserves are shown in note 13.

None of the company's activities were acquired or discontinued during the above two financial years.

There were no recognised gains and losses in 1998 or 1997 other than the loss for the year.

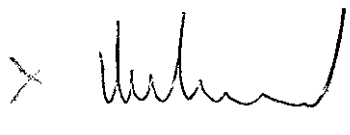
## LARKBARN LIMITED


## BALANCE SHEET

at 31st December 1998

|  | Note | 1998                 | 1997                 |
|--|------|----------------------|----------------------|
|  |      | £                    | £                    |
| <b>Fixed assets</b>                            |      |                      |                      |
| Tangible assets                                | 7    | 2,914                | 3,737                |
| <b>Current assets</b>                          |      |                      |                      |
| Debtors  | 8    | 20,900               | 18,782               |
| Cash at bank and in hand                       |      | 17,261               | 20,217               |
|  |      | <u>38,161</u>        | <u>38,999</u>        |
| Creditors: amounts falling due within one year | 9    | (30,669)             | (28,114)             |
| <b>Net current assets</b>                      |      | <u>7,492</u>         | <u>10,885</u>        |
| <b>Total assets less current liabilities</b>   |      | <u><u>10,406</u></u> | <u><u>14,622</u></u> |
| <b>Capital and reserves</b>                    |      |                      |                      |
| Called up share capital                        | 12   | 1,000                | 1,000                |
| Profit and loss account                        | 13   | 9,406                | 13,622               |
| <b>Total shareholders' funds</b>               | 11   | <u><u>10,406</u></u> | <u><u>14,622</u></u> |

The financial statements on pages 5 to 13 were approved by the board of directors on 28th May 1999 and signed on its behalf by:

  
R.W. Lamont  
Director

  
M.J. Chappell  
Director



## LARKBARN LIMITED

## CASH FLOW STATEMENT

for the year ended 31st December 1998

|   | Note | 1998           |   | 1997         |   |
|---|------|----------------|---|--------------|---|
|   |      | £              | £ | £            | £ |
| Net cash inflow<br>from operating activities            | 14   | 62,062         |   | 62,047       |   |
| <b>Taxation</b>   |      |                |   |              |   |
| Corporation tax paid                                    |      | (16,870)       |   | (10,131)     |   |
| <b>Capital expenditure<br/>and financial investment</b> |      |                |   |              |   |
| Purchase of tangible fixed assets                       |      | (150)          |   | (2,675)      |   |
|   |      | 45,042         |   | 49,241       |   |
| Equity dividends paid                                   |      | (48,000)       |   | (40,000)     |   |
| <b>(Decrease)/increase in cash</b>                      |      | <u>(2,958)</u> |   | <u>9,241</u> |   |

## LARKBARN LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st December 1998

## 1 Accounting policies

## Basis of accounting

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

## Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

|                              |   |
|------------------------------|---|
| Leasehold land and buildings | equal instalments over<br>period of lease |
| Fixtures and fittings        | 25%                                       |

## Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

## Brokerage commission

Brokerage commission is credited to the profit and loss account on receipt.

## 2 Turnover

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

## 3 Operating profit

Operating profit is stated after crediting:

Interest receivable

1,323

and after charging:

Staff costs (note 4)

70,227

Auditors' remuneration

2,005

Depreciation of tangible fixed assets  
(note 7):

Owned assets

971

1997

£

68,680

2,033

1,999

## LARKBARN LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st December 1998

## 4 Directors and employees

|   | 1998<br>£          | 1997<br>£          |
|---|--------------------|--------------------|
| Staff costs including directors' emoluments                       |                    |                    |
| Wages and salaries  | 64,677             | 63,264             |
| Social security costs   | 5,550              | 5,416              |
|   | <u>70,227</u>      | <u>68,680</u>      |
| Average monthly number employed<br>including executive directors: | Number<br><u>4</u> | Number<br><u>4</u> |
| Directors   | £                  | £                  |
| Emoluments  | <u>61,041</u>      | <u>60,060</u>      |

## 5 Taxation

|   | 1998<br>£     | 1997<br>£     |
|---|---------------|---------------|
| Corporation tax on profit on ordinary<br>activities at 21% (1997-21%) | <u>16,195</u> | <u>10,870</u> |

## 6 Dividends

|                         | 1998<br>£     | 1997<br>£     |
|-------------------------|---------------|---------------|
| Equity - ordinary/final | <u>65,000</u> | <u>40,000</u> |

## LARKBARN LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st December 1998

## 7 Tangible fixed assets

| Cost                   | Fixtures<br>and<br>Fittings<br>£ | Land<br>and<br>Buildings<br>£ | Total<br>£ |
|------------------------|----------------------------------|-------------------------------|------------|
| 1st January 1998       | 8,826                            | 2,260                         | 11,086     |
| Additions              | 150                              | -                             | 150        |
| 31st December 1998     | 8,976                            | 2,260                         | 11,236     |
| Depreciation           |                                  |                               |            |
| 1st January 1998       | 5,090                            | 2,260                         | 7,350      |
| Charge for the<br>year | 971                              | -                             | 971        |
| 31st December 1998     | 6,061                            | 2,260                         | 8,321      |
| Net book amount        |                                  |                               |            |
| 31st December 1998     | 2,914                            | -                             | 2,914      |
| 31st December 1997     | 3,737                            | -                             | 3,737      |

## 8 Debtors

## Amounts falling due within one year

|                                | 1998<br>£ | 1997<br>£ |
|--------------------------------|-----------|-----------|
| Trade debtors                  | 15,006    | 13,926    |
| Prepayments and accrued income | 5,894     | 4,856     |
|                                | 20,900    | 18,782    |

## LARKBARN LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st December 1998

9 Creditors: amounts falling due within one year

|                              | 1998<br>£     | 1997<br>£     |
|------------------------------|---------------|---------------|
| Trade creditors              | 4,018         | 3,101         |
| Corporation tax              | 4,195         | 4,870         |
| Dividend                     | 17,000        | 16,000        |
| Accruals and deferred income | 5,456         | 4,143         |
|                              | <u>30,669</u> | <u>28,114</u> |

10 Contingent liabilities

Commissions received for life and pensions policies are on indemnity terms and therefore there is a potential liability for the return of the commissions in the event of cancellation of any policies arranged by the company. At the 31st December 1999 the total of commissions earned but which potentially could be reclaimed by the insuring company amounts to £96,467 (£82,606 - 1997), of this sum the amount that the directors consider to be at risk is less than £3,000 (£3,000 - 1997).

11 Reconciliation of movements in shareholders' funds

|  | 1998<br>£       | 1997<br>£       |
|--|-----------------|-----------------|
| Profit for the financial year            | 60,784          | 38,966          |
| Dividends                                | <u>(65,000)</u> | <u>(40,000)</u> |
| Net subtraction from shareholders' funds | (4,216)         | (1,034)         |
| Opening shareholders' funds              | <u>14,622</u>   | <u>15,656</u>   |
| Closing shareholders' funds              | <u>10,406</u>   | <u>14,622</u>   |

## LARKBARN LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st December 1998

## 12 Called up share capital

|                                       | 1998                |        | 1997                |        |
|---------------------------------------|---------------------|--------|---------------------|--------|
|                                       | Number of<br>shares | £      | Number of<br>shares | £      |
| Authorised                            |                     |        |                     |        |
| Ordinary shares of £1 each            | 10,000              | 10,000 | 10,000              | 10,000 |
| Allotted, called up<br>and fully paid |                     |        |                     |        |
| Ordinary shares of £1 each            | 1,000               | 1,000  | 1,000               | 1,000  |

## 13 Profit and loss account

|                            | 1998<br>£ |
|----------------------------|-----------|
| 1st January 1998           | 13,622    |
| Retained loss for the year | (4,216)   |
| 31st December 1998         | 9,406     |

## 14 Notes to the cash flow statement

Reconciliation of operating profit  
to operating cash flows

|  | 1998<br>£ | 1997<br>£ |
|--|-----------|-----------|
| Operating profit                             | 76,979    | 49,836    |
| Depreciation charges                         | 971       | 1,999     |
| (Increase)/decrease in debtors               | (2,118)   | 1,852     |
| (Decrease)/increase in creditors             | (13,770)  | 8,360     |
| Net cash inflow<br>from operating activities | 62,062    | 62,047    |

## LARKBARN LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st December 1998

## 15 Notes to the cash flow statement (continued)

## Analysis of changes in net debt

|                          | At start<br>of year<br>£ | Cash<br>flows<br>£ | At end<br>of year<br>£ |
|--------------------------|--------------------------|--------------------|------------------------|
| Cash at bank and in hand | 20,217                   | (2,956)            | 17,261                 |

## Reconciliation of net cash flow to movement in net debt

|  | 1998<br>£ | 1997<br>£ |
|--|-----------|-----------|
| (Decrease)/increase in cash in the year      | (2,956)   | 9,241     |
| Change in net debt resulting from cash flows | (2,956)   | 9,241     |
| Net debt at 1st January 1998                 | 20,217    | 10,976    |
| Net debt at 31st December 1998               | 17,261    | 20,217    |