

Registered number : 2959963, England

COMPANIES HOUSE

SUTTON BARNARD LIMITED

**REPORTS AND FINANCIAL STATEMENTS
31 MARCH 1996**



SUTTON BARNARD LIMITED

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SUTTON BARNARD LIMITED

Directors	A. E. Sutton (Chairman) M. B. Baldwin P. H. F. Barnard
Secretary	M. B. Baldwin
Auditors	Leach & Co. Ashley House 18-20 George Street Richmond Surrey TW9 1PR
Registered office	Ashley House 18-20 George Street Richmond Surrey TW9 1PR
Registered number	2959963, England

SUTTON BARNARD LIMITED

REPORT OF THE DIRECTORS TO THE MEMBERS OF SUTTON BARNARD LIMITED

The directors have pleasure in presenting their report and audited financial statements of the company for the year ended 31 March 1996.

Review of the business and future developments

The principal activity of the company was that of insurance brokers.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the level of activity will improve.

Results and dividends

The results for the year are as shown in the annexed profit and loss account.

The directors do not recommend the payment of a final dividend.

Holding company

At 31 March 1996 Sutton Group Holdings Limited, a company incorporated in England was the ultimate holding company.

Directors

The following directors served on the Board during the year and their beneficial interests in the shares of the company were as follows:

	£1 ordinary shares	
	At 31 March 1996	At 31 March 1995
A. E. Sutton	-	-
M. B. Baldwin	-	-
P. H. F. Barnard	400	400

Mr. A. E. Sutton and Mr. M. B. Baldwin are directors of Sutton Group Holdings Limited, and their respective beneficial interest in the issued share capital of that company throughout the year were 4,518 and 3,717 ordinary shares of £1 each.

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 judgments 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.

SUTTON BARNARD LIMITED**REPORT OF THE DIRECTORS
TO THE MEMBERS OF SUTTON BARNARD LIMITED**

(continued)

Tax status

The company is a close company under the provisions of the Income and Corporation Taxes Act 1988.

Auditors

Messrs. Leach & Co., have expressed their willingness to continue in office. A resolution proposing their re-appointment will be put to the annual general meeting.

By order of the Board



M. B. Baldwin
Secretary

11 September 1996

SUTTON BARNARD LIMITED

REPORT OF THE AUDITORS
TO THE MEMBERS OF SUTTON BARNARD LIMITED

We have audited the financial statements on pages 5 to 11.

Respective responsibility of directors and auditors

As described on page 2, 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 financial statements and to report our opinion to you.

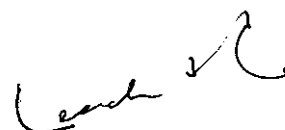
Basis of opinion

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 judgments 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 have 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 at 31 March 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



LEACH & CO.
Chartered Accountants
and Registered Auditors

11 September 1996

Ashley House
18-20 George Street
Richmond
Surrey

SUTTON BARNARD LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1996**

	Notes	<u>1996</u>	<u>7 months to 31 March 1995</u>
TURNOVER	2	120,187	36,540
Other operating income	3	<u>1,811</u>	<u>32</u>
		121,998	36,572
Administrative expenses		<u>154,818</u>	<u>77,222</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(32,820)	(40,650)
DEFICIT AT 1 APRIL 1995		<u>(40,650)</u>	-
DEFICIT AT 31 MARCH 1996		<u>£ (73,470)</u>	<u>£ (40,650)</u>

Continuing operations

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

Total recognised gains and losses


The company has no recognised gains or losses other than the profit or loss for the above two financial years.

SUTTON BARNARD LIMITED

BALANCE SHEET AS AT 31 MARCH 1996

	Notes	1996	1995
FIXED ASSETS			
Tangible assets	7	25,509	3,031
CURRENT ASSETS			
Debtors	8	50,868	25,190
Cash at bank and in hand	9	49,331	32,681
		<u>100,199</u>	<u>57,871</u>
CREDITORS: Amounts falling due within one year	10	<u>58,178</u>	<u>20,552</u>
NET CURRENT ASSETS		<u>42,021</u>	<u>37,319</u>
		67,530	40,350
CREDITORS: Amounts falling due after more than one year	11	<u>140,000</u>	<u>80,000</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£ (72,470)</u>	<u>£ (39,650)</u>
CAPITAL AND RESERVES			
Called-up share capital	13	1,000	1,000
Profit and loss account		(73,470)	(40,650)
SHAREHOLDERS' FUNDS	14	<u>£ (72,470)</u>	<u>£ (39,650)</u>


 A. E. Sutton, Director


 M. B. Baldwin, Director

The financial statements were approved by the Board of Directors on 11 September 1996.

SUTTON BARNARD LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1996

	1996	7 months to 31 March 1995
Net cash outflow from operating activities	(22,725)	(44,085)
Return on investments and servicing of finance		
Interest received	858	32
Net cash inflow from returns on investments and servicing of finance	858	32
Investing activities		
Payments to acquire tangible fixed assets	(31,024)	(4,266)
Net cash outflow from investing activities	(31,024)	(4,266)
Net cash outflow before financing	(52,891)	(48,319)
Financing		
Issue of ordinary shares	-	1,000
Loan from parent company	60,000	80,000
Net cash inflow from financing	60,000	81,000
Increase in cash and cash equivalents	<u>£ 7,109</u>	<u>£ 32,681</u>

Notes to the cash flow statement

1. RECONCILIATION OF OPERATING LOSS TO NET CASH
OUTFLOW FROM OPERATING ACTIVITIES

Operating loss	(32,820)	(40,650)
Deposit interest received	(858)	(32)
Depreciation charge	8,546	1,235
Increase in debtors	(25,678)	(25,190)
Increase in creditors	28,085	20,552
Net cash outflow from operating activities	<u>£ (22,725)</u>	<u>£ (44,085)</u>

2. ANALYSIS OF THE BALANCE OF CASH AND CASH
EQUIVALENTS DURING THE YEAR

Balance at 1 April 1995	32,681	-
Net cash inflow	7,109	32,681
Balance at 31 March 1996	<u>£ 39,790</u>	<u>£ 32,681</u>

3. ANALYSIS OF THE BALANCES OF CASH AND CASH
EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

Cash at bank and in hand at 1 April 1995	32,681	-
Cash at bank and in hand at 31 March 1996	<u>49,331</u>	<u>32,681</u>
	16,650	32,681
Bank overdraft at 1 April 1995	-	-
Bank overdraft at 31 March 1996	<u>(9,541)</u>	<u>-</u>
	(9,541)	-
Change in year	<u>£ 7,109</u>	<u>£ 32,681</u>

SUTTON BARNARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996

1. PRINCIPAL ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

Commissions receivable

Commission is taken into the profit and loss account at the point of invoice.

Fixed assets

All tangible fixed assets are stated at cost and all repairs are written off as incurred.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the assets over their expected useful lives. The annual rates in use are:

Motor vehicle	25% reducing balance
Computer and ancillaries	33 1/3% straight line
Office equipment	15% straight line

Pension contributions

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

2. TURNOVER

Turnover represents commissions and fees receivable, net of refunds.

The turnover and pre-tax loss are attributable to one activity, insurance broking, carried on within the United Kingdom.

3. OTHER OPERATING INCOME

	1996	7 months to 31 March 1995
Bank deposit interest	858	32
Rent receivable	953	-
	<u>£ 1,811</u>	<u>£ 32</u>

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

Directors' remuneration (Note 6)	55,620	29,316
Auditors' remuneration	1,749	1,200
Depreciation	<u>8,546</u>	<u>1,235</u>

SUTTON BARNARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996

	1996	7 months to 31 March 1995
5. STAFF COSTS		
Staff costs, including directors' remuneration were as follows:		
Wages and salaries	75,893	36,856
Social security costs	7,685	3,419
Other pension costs	4,500	2,250
	<u>£ 88,078</u>	<u>£ 42,525</u>

The average weekly number of employees was 5 (1995 - 4).

6. DIRECTORS' REMUNERATION

Directors' remuneration consists of:

Pension contributions	4,500	2,250
Other emoluments	51,120	27,066
	<u>£ 55,620</u>	<u>£ 29,316</u>

Details of directors' remuneration excluding pension contributions:

Chairman	<u>£ -</u>	<u>£ -</u>
Highest paid director	<u>£ 51,120</u>	<u>£ 27,066</u>

The number of other directors who received emoluments (excluding pensions and pension contributions) in the following ranges were:

£ 0 - £ 5,000	<u>1</u>	<u>1</u>
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7. FIXED ASSETS

Cost	Motor Vehicles	Computer equipment	Office furniture & equipment	Total
At 1 April 1995	370	3,037	859	4,266
Additions	17,500	5,093	8,431	31,024
At 31 March 1996	<u>17,870</u>	<u>8,130</u>	<u>9,290</u>	<u>35,290</u>
Depreciation				
At 1 April 1995	93	1,013	129	1,235
Charge for the year	4,444	2,710	1,392	8,546
At 31 March 1996	<u>4,537</u>	<u>3,723</u>	<u>1,521</u>	<u>9,781</u>
Net book values				
At 31 March 1996	<u>£ 13,333</u>	<u>£ 4,407</u>	<u>£ 7,769</u>	<u>£ 25,509</u>
At 31 March 1995	<u>£ 277</u>	<u>£ 2,024</u>	<u>£ 730</u>	<u>£ 3,031</u>

SUTTON BARNARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996

	<u>1996</u>	<u>1995</u>
8. DEBTORS		
Debtors in respect of insurance transactions	47,015	23,895
Other debtors	665	997
Prepayments	3,188	298
	<u>£ 50,868</u>	<u>£ 25,190</u>
9. CASH AT BANK AND IN HAND		
Insurance broking bank account	49,330	21,462
General account	-	11,219
Cash in hand	1	-
	<u>£ 49,331</u>	<u>£ 32,681</u>
10. CREDITORS: Amounts falling due within one year		
Bank overdraft	9,541	-
Creditors in respect of insurance transactions	17,188	5,450
Amounts due to fellow subsidiary company	25,616	11,784
Other taxes and social security costs	2,723	2,088
Accruals	3,110	1,230
	<u>£ 58,178</u>	<u>£ 20,552</u>
11. CREDITORS: Amounts falling due after more than one year		
Amounts due to holding company (Note 12)	<u>£ 140,000</u>	<u>£ 80,000</u>
12. LOAN		
This is an interest-free loan from Sutton Group Holdings Limited, the ultimate holding company, with no specified repayment date.		
Repayment is due 36 months after receipt of request for repayment.		
13. SHARE CAPITAL		
Authorised		
1,000 ordinary shares of £1 each	<u>£ 1,000</u>	<u>£ 1,000</u>
Allotted, called-up and fully paid		
1,000 ordinary shares of £1 each	<u>£ 1,000</u>	<u>£ 1,000</u>

SUTTON BARNARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996

	<u>1996</u>	<u>1995</u>
14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Loss for the financial year	(32,820)	(40,650)
New shares issued	-	1,000
	<u>(32,820)</u>	<u>(39,650)</u>
Shareholders' funds at 31 March 1995	(39,650)	-
Shareholders' funds at 31 March 1996	<u>£ (72,470)</u>	<u>£ (39,650)</u>

15. CONTINGENT LIABILITIES

At 31 March 1996 there were contingent liabilities for which no provision had been made in these financial statements in respect of a guarantee given by the Company to secure the parent company's bank overdraft of up to £10,000.

16. OPERATING LEASE COMMITMENTS

At 31 March 1996 the company was committed to making payments of £9,273 (1995 - £1,200) annually in respect of an operating lease, relating to land and buildings which expires within five years.