

# **Agnew Higgins Pickering & Company Limited**

## **Annual Report**

**31 December 2001**



## **Report of the Directors**

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

### **Principal Activities and Review Of The Business**

The principal activity of the Company is insurance and reinsurance broking.

### **Results And Dividends**

The results of the company for the year ended 31 December 2001 are set out in the financial statements on pages 4 to 13.

A dividend of £2,227,000 is proposed by the Directors (total dividends 2000 £Nil).

### **Suppliers**

The Company agrees payment terms with suppliers when it enters into contracts for the purchase of goods or services and seeks to abide by those terms when it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Company's average payment period from the date the invoice is agreed is 28 days (2000 28 days).

### **Donations**

During the period the Company made charitable donations totalling £1,250 (2000 £500).

### **Directors**

The directors set out in the table below held office during the year ended 31 December 2001.

A B Pickering (Chairman)  
R J O Barton (resigned 31 December 2001)  
A E Agnew  
R Higgins  
R J Konig  
E C More  
P J Walton

K Carter was appointed a director on 12 February 2002.

There being no provision in the Company's Articles of Association for the retirement of directors by rotation, the directors will continue in office.

A statement of directors' interests is set out in note 6 to the accounts on page 9.

### **Auditors**

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

**Report of the Directors****Directors' Responsibilities In Respect Of The Preparation Of Financial Statements**

It is the responsibility of the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit and loss for that period. The directors are responsible for ensuring that applicable accounting standards have been followed, and that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements. It is also the responsibility of the directors to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business. The directors are also responsible for maintaining adequate accounting records, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

**Share Capital**

On 7 March 2001 the Company issued 38 £1 ordinary shares at £13,132 each to its immediate parent company, Specialty Risk Broking Limited, for a cash consideration.

**5 Lloyd's Avenue  
LONDON EC3N 3AX**

**BY ORDER OF THE BOARD  
D J HICKMAN**

  
**Secretary**

**Independent Auditors' Report To The Members Of Agnew Higgins Pickering & Company Limited**

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 to 7.

**Respective Responsibilities Of Directors And Auditors**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practice Board.

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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprise only the report of the directors.

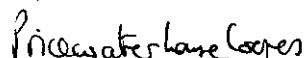
**Basis Of Audit Opinion**

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 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.

**PricewaterhouseCoopers****Chartered Accountants and Registered Auditors****Southwark Towers****32 London Bridge Street****London SE1 9SY****30 April 2002**

**Profit and Loss Account**

For the year ended 31 December 2001

	<b>Note</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
<b>Turnover</b>	2	6,919,957	4,558,120
<b>Administrative Expenses</b>		(5,655,946)	(3,812,980)
<b>Operating Profit</b>	3	<u>1,264,011</u>	<u>745,140</u>
Interest Receivable and Similar Income	7	452,896	449,127
<b>Profit on Ordinary Activities before Taxation</b>		<u>1,716,907</u>	<u>1,194,267</u>
Tax on Profit on Ordinary Activities	8	(584,518)	(406,585)
<b>Profit for the Financial Year</b>		<u>1,132,389</u>	<u>787,682</u>
Dividends	9	(2,227,000)	-
<b>Retained (Loss)/Profit for the Financial Year</b>		<u>(1,094,611)</u>	<u>787,682</u>

The Company's turnover and administrative expenses all relate to continuing operations.

The Company had no recognised gains or losses during the year, and the prior year, other than those reflected in the profit and loss account above, and therefore no separate Statement of Total Recognised Gains and Losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained loss for the year stated above and their historic cost equivalents.

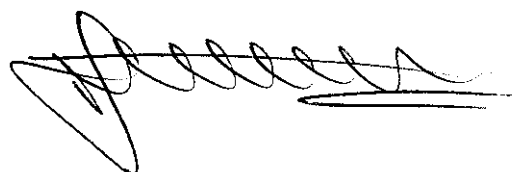
# Balance Sheet

At 31 December 2001

	Note	2001 £	2000 £
<b>Fixed Assets</b>			
Tangible Fixed Assets	10	26,559	32,298
<b>Current Assets</b>			
Debtors	11	45,973,291	61,578,405
Cash at bank and in hand		12,037,008	8,683,199
		58,010,299	70,261,604
<b>Creditors</b> – amounts falling due within one year	12	(57,249,911)	(68,911,360)
<b>Net Current Assets</b>		760,388	1,350,244
<b>Total Assets Less Current Liabilities</b>		786,947	1,382,542
<b>Provisions for Liabilities and Charges</b>	13	(5,000)	(5,000)
<b>Net Assets</b>		781,947	1,377,542
<b>Capital And Reserves</b>			
Called up share capital	14	1,038	1,000
Share Premium	15	498,978	-
Profit and loss account	15	281,931	1,376,542
<b>Total Shareholders' Funds (Equity Interests)</b>	15	781,947	1,377,542

Approved by the Board of Directors on 30 April 2002

and signed on its behalf by:-



P J Walton  
Director

The notes on pages 6 to 13 form an integral part of these financial statements

**Notes To The Financial Statements**

For the year ended 31 December 2001

**1. Accounting Policies****(a) Basis of Accounting**

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

The Company has adopted FRS18 (Accounting Policies) during the year.

**(b) Turnover**

Turnover represents retained brokerage and fees receivable. Brokerage income is brought into account when the debit note is issued or at the inception date of the policy, whichever is the later. Where premiums are due in instalments, brokerage is deferred to the due date of such instalments. Fees receivable are recognised in the period to which they relate or, where this cannot be determined with reasonable accuracy, on a cash basis.

**(c) Tangible Fixed Assets**

Tangible fixed assets are stated at cost less accumulated depreciation which is calculated to write off the cost of such assets on a straight line basis over their estimated useful lives. Leasehold improvements are amortised over the period of the lease; furniture and equipment at twenty five percent per annum.

**(d) Deferred Taxation**

Deferred tax is provided in respect of the tax effect of all timing differences to the extent that it is probable that a liability will crystallise or an asset will become recoverable in the foreseeable future at the rates of tax expected to apply when the timing differences reverse.

**(e) Foreign Currencies**

Revenue and expenses expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which the transaction occurs or, in the case of transactions covered by related forward exchange contracts, the rate of exchange specified in the contract. Assets and liabilities are translated at the rates ruling at the balance sheet date. All exchange differences arising from the settlement of trading transactions are included in the profit and loss account.

**(f) Related Party Transactions**

The company is 100% owned by its parent undertaking. The company has therefore elected to make use of the exemption provided in the Financial Reporting Standard No. 8 ('Related Party Transactions') not to disclose related party transactions with other members of the Jardine Lloyd Thompson Group of companies.

**(g) Operating Leases**

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

# Notes To The Financial Statements

For the year ended 31 December 2001

## 1. Accounting Policies *(continued)*

### (h) Pension Costs

Contributions payable in respect of the Company's defined contribution pension scheme are charged to the profit and loss account as incurred.

### (i) Insurance Debtors and Creditors

Insurance brokers normally act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding such legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities in recognition of the fact that the insurance broker is entitled to retain investment income on any cash flows arising from such transactions.

In the ordinary course of business settlement is required to be made with certain markets, market settlement bureaux or insurance intermediaries on the basis of the net settlement due to or from such markets, bureaux or intermediaries, rather than the amounts due to or from the individual parties they represent. Nevertheless the company does not offset these balances for presentation purposes, unless the ability to insist upon net settlement is assured beyond all doubt.

### (j) Cash Flow Statement

The Company is a wholly owned subsidiary of Jardine Lloyd Thompson Group plc, which prepares a consolidated Cash Flow Statement. The Company has therefore elected to make use of the exemption provided in Financial Reporting Standard No. 1 Revised ('Cash Flow Statements') not to produce a Cash Flow Statement.

## 2 Turnover

	2001	2000
	£	£
Geographical Analysis of Turnover:		
Europe	1,840,596	1,181,838
North America	4,920,719	3,154,696
Rest of the World	158,642	221,586
	<u>6,919,957</u>	<u>4,558,120</u>



# Notes To The Financial Statements

For the year ended 31 December 2001

## 3 Operating Profit

Operating profit is stated after charging:

	2001	2000
	£	£
Staff costs, including directors' remuneration:		
Wages and salaries	3,284,210	2,249,532
Social security costs	358,834	234,492
Other pension costs	129,187	77,121
Depreciation of owned tangible fixed assets	19,630	12,717
Auditors' remuneration:		
Audit fee and expenses	10,000	9,000
Rental payments	207,570	181,106
Other trading expenses	1,646,515	1,049,012
	<u>5,655,946</u>	<u>3,812,980</u>

## 4 Analysis of Employees

	2001	2000
	Number	Number
The average number of persons employed by the company during the period was:	<u>47</u>	<u>32</u>

## 5 Directors

	2001	2000
	£	£
(a) Emoluments		
Total emoluments of directors (excluding the Company's contributions to the pension schemes)		
For management services	<u>460,110</u>	<u>420,876</u>
Company contributions to money purchase pension schemes	<u>13,974</u>	<u>12,408</u>

There were 3 directors (2000 – 3 directors) for whom retirement benefits were accruing under a defined contribution pension scheme.

# Notes To The Financial Statements

For the year ended 31 December 2001

## 5 Directors (continued)

### (b) The Highest Paid Director

	2001	2000
	£	£
The emoluments of the highest paid director (excluding the Company's contributions to the pension scheme)	178,805	170,932
Company contributions to money purchase pension schemes	5,550	4,956

The highest paid director did not receive or become entitled to receive any benefit in kind under long term incentive arrangements specifically in respect of services rendered to the company.

## 6 Directors' Interests

Mr R J O Barton was a director of Jardine Lloyd Thompson Group plc during 2001 and Messrs A E Agnew, R Higgins, E C More, R J Konig, A B Pickering and P J Walton are directors of Specialty Risk Broking Limited. Any Directors' Interests which are disclosable in accordance with Section 324 of the Companies Act 1985 are disclosed in the accounts of those companies as appropriate.

## 7 Investment Income

	2001	2000
	£	£
Interest receivable and similar income:		
Bank deposits and certificates of deposit	452,896	449,127

## 8 Taxation

	2001	2000
	£	£
United Kingdom Corporation Tax at 30% (2000 30%)	578,855	406,585
Adjustments to Prior Years	5,663	-
	584,518	406,585

# Notes To The Financial Statements

For the year ended 31 December 2001

## 9 Dividends

	2001	2000
	£	£
Interim dividend paid	677,000	-
Final dividend proposed	1,550,000	-
	<u>2,227,000</u>	<u>-</u>

## 10 Tangible Fixed Assets

	Leasehold Improvements	Furniture and Equipment	Total
	£	£	£
<b>Cost</b>			
1 January 2001	20,700	25,214	45,914
Additions		13,891	13,891
31 December 2001	<u>20,700</u>	<u>39,105</u>	<u>59,805</u>
<b>Depreciation</b>			
1 January 2001	8,871	4,745	13,616
Charge for the year	11,829	7,801	19,630
31 December 2001	<u>20,700</u>	<u>12,546</u>	<u>33,246</u>
<b>Net book value</b>			
31 December 2001	-	26,559	26,559
1 January 2001	<u>11,829</u>	<u>20,469</u>	<u>32,298</u>

## Notes To The Financial Statements

For the year ended 31 December 2001

### 11 Debtors - Due Within One Year

	2001	2000
	£	£
Insurance debtors	45,709,043	61,495,139
Other debtors	70,003	43,866
Prepayments and accrued income	194,245	39,400
	<u>45,973,291</u>	<u>61,578,405</u>

### 12 Creditors - Amounts Falling Due Within One Year

	2001	2000
	£	£
Insurance creditors	54,126,624	67,618,978
Amounts due to fellow group undertakings	74,284	112,751
Taxation and social security	475,019	351,988
Other creditors	66,809	17,943
Accruals and deferred income	957,175	809,700
Dividends	1,550,000	-
	<u>57,249,911</u>	<u>68,911,360</u>

### 13 Provisions for Liabilities and Charges

	2001	2000
	£	£
At 1 January 2001	5,000	50,000
Charge credit/(credit) to P&L in period	-	(4,632)
Utilised in period	-	(40,368)
At 31 December 2001	<u>5,000</u>	<u>5,000</u>

There were no movements within liabilities and charges during the year.

The Company has in place insurance policies to cover any incidents of errors and omissions in the conduct of its business. Each incident reported under such cover has been provided to the full extent of the Company's exposure. The timing of any potential outflow is dependent on the length of time insurers take to assess the validity of the claim.

## Notes To The Financial Statements

For the year ended 31 December 2001

### 14 Share Capital

	2001	2000
	Number	Number
Ordinary shares of £1 each:		
Authorised shares	10,000	10,000
Allotted, issued and fully paid	1,038	1,000
	2001	2000
	£	£
Ordinary shares of £1 each:		
Authorised shares	10,000	10,000
Allotted, issued and fully paid	1,038	1,000

### 15 Reconciliation of Movements in Shareholders' Funds

	Share Capital £	Share Premium £	Profit & Loss Account £	Total Shareholders' Funds £
Balance at 31 December 2000	1,000	-	1,376,542	1,377,542
Profit for the year	-	-	1,132,389	1,132,389
Dividends	-	-	(2,227,000)	(2,227,000)
Share issue	38	498,978	-	499,016
Balance at 31 December 2001	1,038	498,978	281,931	781,947

**Notes To The Financial Statements**

For the year ended 31 December 2001

**16 Financial Commitments**

The Company has annual commitments under operating leases as set out below:

Land and Buildings	2001	2000
	£	£
Expiring within one year	-	84,000
Expiring over five years	428,000	108,000
	<u>428,000</u>	<u>192,000</u>

**17 Pensions**

The Company operates a Group Personal Pension Plan which provides money purchase benefits. The assets of the plan are invested with an UK insurance company and are held under trust entirely separate from the assets of the company.

The pension cost charge represents contributions payable by the Company at rates specified in the rules of the plan.

There were no amounts outstanding to the insurance company at the year end.

**18 Parent Undertakings****(a) Immediate Parent Undertaking**

The Company's immediate parent is Specialty Risk Broking Limited, a company registered in England.

**(b) Ultimate Parent Undertaking**

As at 31 December 2001 the largest and smallest group for which group accounts are prepared and of which the company is a member, is:

Jardine Lloyd Thompson Group plc, a company registered in England

Copies of the group accounts can be obtained from:

6 Crutched Friars  
London  
EC3N 2PH