

**Pedigree Livestock Insurance Limited**

**Report and Financial Statements**

**Year Ended**

**1 January 2000**

**Company number: 746184**

THIS IS AN AC COMPANY  
FINANCIAL STATEMENTS  
UNDER THE INSURANCE  
ACT 1982

AC1044



**BDO**

**BDO Stoy Hayward**  
Chartered Accountants

# **PEDIGREE LIVESTOCK INSURANCE LIMITED**

**Annual report and financial statements for the year ended 1 January 2000**

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## **Contents**

### **Page:**

1	Report of the directors
3	Profit and loss account
5	Balance sheet
7	Cash flow statement
8	Notes forming part of the financial statements
14	Report of the auditors

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## **Directors**

KW Brown  
TW Brown  
KJ Brown

## **Secretary and registered office**

B Mellors, Pedigree House, Radcliffe Road, Gamston, Nottingham, NG2 6NQ

## **Company number**

746184

## **Auditors**

BDO Stoy Hayward, Foxhall Lodge, Gregory Boulevard, Nottingham,  
NG7 6LH

## **Principal bankers**

Barclays Bank Plc, Old Market Square, Nottingham, NG1 6FF

# **PEDIGREE LIVESTOCK INSURANCE LIMITED**

## **Report of the directors for the year ended 1 January 2000**

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The directors present their report together with the audited financial statements for the year ended 1 January 2000.

### **Results and dividends**

The profit and loss account is set out on pages 3 and 4 and shows the profit for the year.

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

### **Principal activity**

The principal activity of the company is that of livestock insurers.

### **Trading review and future developments**

The company achieved a [     ] increase in gross receipts but experienced a [     % ] increase in management costs resulting in a pre-tax profit decrease of [     ].

The directors are satisfied with the year under review and are confident of future prospects.

### **Directors**

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	<b>Ordinary shares of £1 each at 1 January 2000 and 26 December 1998</b>
KW Brown	247
KJ Brown	253
TW Brown	253
KW Brown and TW Brown (non-beneficial interest)	247
	<hr/>

### **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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

# **PEDIGREE LIVESTOCK INSURANCE LIMITED**

## **Report of the directors for the year ended 1 January 2000 (*Continued*)**

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### **Directors' responsibilities (*Continued*)**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

### **EMU Impact**

Having reviewed its commercial and accounting transactions, the company is ready to manage the impact of the single currency.

### **Auditors**

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

### **By order of the Board**

B Mellors  
**Secretary**

# PEDIGREE LIVESTOCK INSURANCE LIMITED

## Profit and loss account for the year ended 1 January 2000

	Note	1 January 2000 £	26 December 1998 £
<b>Technical account - general business</b>			
Gross premiums written			610,241
Less: Commissions			9,290
			<u>600,951</u>
Outward reinsurance premiums			22,302
Net premiums written			<u>578,649</u>
Change in the gross and net provision for unearned premiums			4,162
Earned premiums, net of reinsurance	2		<u>582,811</u>
<b>Total technical income</b>			<u>582,811</u>
Claims paid			468,086
- gross amount			-
- reinsurers' share			<u>468,086</u>
- net of reinsurance			<u>468,086</u>
Change in the provision for claims			10,139
- gross amount			-
- reinsurers' share			<u>10,139</u>
- net of reinsurance			<u>10,139</u>
Claims incurred net of reinsurance			478,225
Net operating expenses	4		91,254
<b>Total charges</b>			<u>569,479</u>
<b>Balance on the technical account for general business</b>			<u><u>13,332</u></u>

The notes on pages 8 to 13 form part of these financial statements.

**PEDIGREE LIVESTOCK INSURANCE LIMITED**

**Profit and loss account for the year ended 1 January 2000**

	<b>Note</b>	<b>1 January 2000 £</b>	<b>26 December 1998 £</b>
<b>Non-technical account</b>			
<b>Balance on the general business technical account</b>			13,332
Investment income			39,329
<b>Profit on ordinary activities before taxation</b>			52,661
Taxation on profit on ordinary activities	5		12,000
<b>Profit on ordinary activities after taxation</b>			40,661
Dividends	6		-
<b>Profit retained for the financial year</b>			40,661

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 8 to 13 form part of these financial statements.

# PEDIGREE LIVESTOCK INSURANCE LIMITED

## Balance sheet at 1 January 2000

	Note	1 January 2000 £	26 December 1998 £
<b>ASSETS</b>			
<b>Debtors</b>			
Other debtors	7		2,008
<b>Other assets</b>			
Tangible fixed assets	8		3,980
Cash at bank and in hand			546,387
			550,367
<b>Prepayments and accrued income</b>			
Accrued interest and rent			4,570
<b>Total assets</b>			556,945

# PEDIGREE LIVESTOCK INSURANCE LIMITED

## Balance sheet at 1 January 2000

	Note	1 January 2000 £	26 December 1998 £
<b>LIABILITIES</b>			
<b>Capital and reserves</b>			
Called up share capital	9		1,000
Profit and loss account			225,424
Shareholders' funds attributable to equity interests	10		226,424
<b>Technical provisions</b>			
Provision for unearned premiums			204,238
- gross amount			
- reinsurance amount			-
- net amount			204,238
Claims outstanding			81,397
- gross amount			-
- reinsurance amount			-
- net amount			81,397
<b>Provisions for other risks and charges</b>			
Taxation	11		7,000
<b>Creditors</b>			
Proposed dividend	12		-
Other creditors including taxation and social security	12		6,681
			6,681
<b>Accruals and deferred income</b>	12		31,205
<b>Total liabilities</b>			556,945

These financial statements were approved by the Board on

TW Brown  
Director

The notes on pages 8 to 13 form part of these financial statements.



**PEDIGREE LIVESTOCK INSURANCE LIMITED****Cash flow statement for the year ended 1 January 2000**

	Note	1 January 2000		26 December 1998	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	13				49,418
<b>Returns on investments and servicing of finance</b>					
Interest received					39,329
<b>Taxation</b>					
Corporation tax paid				(12,675)	
ACT paid				(4,000)	
<b>Taxation paid</b>					(16,675)
<b>Capital expenditure</b>					
Payments to acquire tangible fixed assets					(857)
<b>Equity dividend paid</b>					(16,000)
<b>Increase in cash</b>	14				55,215

The notes on pages 8 to 13 form part of these financial statements.

# PÉDIGREE LIVESTOCK INSURANCE LIMITED

## Notes forming part of the financial statements for the year ended 1 January 2000

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### 1 Accounting policies

The financial statements have been prepared in compliance with the special provisions relating to insurance companies of section 255 of, and Schedule 9A to, the Companies Act 1985. The European Union Council Directive on the Accounts of Insurance Undertakings was implemented into UK law in December 1993.

There have been no changes in accounting policies during the year.

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

#### *Basis of accounting*

The annual basis of accounting has been applied to all classes of business.

#### *Premiums*

All premiums included in the profit and loss account relate to continuing operations. Written premiums comprise the total premiums receivable for the whole period of cover provided by contracts taken out during the financial year, together with adjustments arising in the financial year to such premiums receivable in respect of business written in previous financial years.

All premiums are shown gross of commission payable to intermediaries.

Written premiums exclude insurance premium tax. The amount of this tax due by the company which has not been paid over to Customs & Excise as at the year end has been included in the balance sheet as a liability under the heading "Other creditors including taxation and social security".

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards reinsurance business being reinsured.

#### *Unearned premiums*

The proportion of the premiums written in a year relating to the period of risk from 1 January 2000 to the subsequent dates of expiry of policies is carried forward as a provision for unearned premiums. The provision is calculated on the 365ths method.

#### *Outstanding claims*

Full provision is made on an individual case basis for the estimated cost of claims notified but not settled by the balance sheet date after taking into account handling costs, anticipated inflation and settlement trends. Any differences between provisions and subsequent settlements are dealt with in the technical accounts of later years.

# PÉDIGREE LIVESTOCK INSURANCE LIMITED

Notes forming part of the financial statements for the year ended 1 January 2000 (*Continued*)

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## 1 Accounting policies (*Continued*)

### *Investment income*

Investment income comprises interest receivable.

### *Policy Holder's Protection Act*

Under the Policy Holder's Protection Act, a levy equal to 1% of recoverable premiums may become payable. This is shown as a contingent liability to these accounts.

### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following annual rates:

Plant and equipment                      -    20% - 33 1/3% straight line

### *Deferred taxation*

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability will crystallise.

## 2 Earned premiums net of reinsurance

	Gross £	Reinsurance £	Net £
<b>1 January 2000</b>			
Premiums receivable			
Commissions payable			
Unearned premiums carried forward			
Unearned premiums brought forward			
Decrease	_____	_____	_____
Premiums earned	_____	_____	_____

# PÉDIGREE LIVESTOCK INSURANCE LIMITED

Notes forming part of the financial statements for the year ended 1 January 2000 (*Continued*)

## 2 Earned premiums net of reinsurance (*Continued*)

	Gross £	Reinsurance £	Net £
<b>26 December 1998</b>			
Premiums receivable	610,241	(22,302)	587,939
Commissions payable	(9,290)	-	(9,290)
Unearned premiums carried forward	(204,238)	-	(204,238)
Unearned premiums brought forward	208,400	-	208,400
Increase	4,162	-	4,162
Premiums earned	605,113	(22,302)	582,811

## 3 Employees

	1 January 2000 £	26 December 1998 £
Staff costs, including directors, consist of:		
Wages and salaries		44,338
Social security costs		3,451
Other pension costs		1,454
		49,243
The average monthly number of employees during the year was as follows:	Number	Number
Administration and assistants		6

## 4 Net operating expenses

	£	£
Net operating expenses include:		
Depreciation of owned assets		1,003
Auditors' remuneration		2,450
Directors' remuneration		17,483

# PEDIGREE LIVESTOCK INSURANCE LIMITED

Notes forming part of the financial statements for the year ended 1 January 2000 (*Continued*)

## 5 Taxation on profit on ordinary activities

	1 January 2000 £	26 December 1998 £
U.K. corporation tax		11,000
Adjustment in respect of prior year		1,000
		<u>12,000</u>

## 6 Dividends

Final proposed dividend of [ ] per share (1998 - £Nil)

## 7 Debtors

Other debtors

2,008

Included in other debtors is [ ] (1998: £5,000) in respect of Advance Corporation Tax recoverable after more than one year.

## 8 Tangible fixed assets

	Plant and equipment £
<i>Cost</i>	
At 27 December 1998	9,927
Additions	
Disposals	
At 1 January 2000	<u>          </u>
<i>Depreciation</i>	
At 27 December 1998	5,947
Provided for the year	
Eliminated on disposals	
At 1 January 2000	<u>          </u>
<i>Net book value</i>	
At 1 January 2000	<u>          </u>
At 26 December 1998	<u>3,980</u>

# PEDIGREE LIVESTOCK INSURANCE LIMITED

Notes forming part of the financial statements for the year ended 1 January 2000 (*Continued*)

## 9 Share capital

	Authorised		Allotted, called up and fully paid	
	1 January 2000 £	26 December 1998 £	1 January 2000 £	26 December 1998 £
Ordinary shares of £1 each		5,000		1,000

## 10 Reconciliation of movements in shareholders' funds

	1 January 2000 £	26 December 1998 £
Profit on ordinary activities after taxation		40,661
Dividends		-
Net movement in shareholders' funds		40,661
Opening shareholders' funds	226,424	185,763
Closing shareholders' funds		226,424

## 11 Taxation provisions

The taxation provisions for 1 January 2000 and 26 December 1998 are comprised of that year's corporation tax liability.

## 12 Creditors

All creditors are payable within one year.

## 13 Reconciliation of operating profit to net cash inflow from operating activities

	1 January 2000 £	26 December 1998 £
Operating profit		13,332
Depreciation charges		1,003
Decrease in debtors		11,257
Increase in creditors		23,826
Net cash inflow from operating activities		49,418

# PEDIGREE LIVESTOCK INSURANCE LIMITED

Notes forming part of the financial statements for the year ended 1 January 2000 (*Continued*)

## 14 Analysis of net funds

	At 26 December 1998 £	Cashflow £	At 1 January 2000 £
Cash in hand and at bank	546,387		

## 15 Related party transactions

During the year the company traded with the following, who are related by virtue of common control:

	Net goods and services purchased/(sold)		Debtor/(creditor) at the year end	
	1 January 2000 £	26 December 1998 £	1 January 2000 £	26 December 1998 £
Gamston Kennels and Farms Limited and its subsidiary undertakings		-		(5,541)
The KW Brown Settlement		-		-

All transactions took place under normal commercial terms and on an arms length basis.

The Company's payroll of £ (1998: £34,589) is administered by the Gamston Kennels and Farms Limited group which together with the provision of accountancy services is provided free of charge.

## 16 Contingent liabilities

	1 January 2000 £	26 December 1998 £
Potential levy under the Policy Holder's Protection Act		6,102

Under the Policy Holder's Protection Act there is a possibility that a levy of 1% of leviable premiums may become payable.

**AUDITORS' REPORT****To the members of Pedigree Livestock Insurance Limited**

We have audited the financial statements on pages 3 to 13 which have been prepared under the accounting policies set out on pages 8 and 9.

*Respective responsibilities of directors and auditors*

As described on pages 1 and 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 opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 1 January 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**BDO STOY HAYWARD**Chartered Accountants  
and Registered Auditor  
Nottingham

3 April 2000



**PEDIGREE LIVESTOCK INSURANCE LIMITED**

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The page which follows does not  
form part of the statutory  
financial statements of the company

**PEDIGREE LIVESTOCK INSURANCE LIMITED****Revenue account for the year ended 1 January 2000**

	<b>1 January 2000 £</b>	<b>26 December 1998 £</b>
<b>Premium account</b>		
Premium income		610,241
Less: Re-insurance		22,302
		<hr/>
		587,939
Less: Commissions		9,290
		<hr/>
		578,649
Unearned premiums brought forward		208,400
		<hr/>
		787,049
Unearned premiums carried forward		(204,238)
		<hr/>
<b>Net premium income</b>		582,811
		<hr/>
Insurance claims		455,225
Claims management costs		23,000
		<hr/>
<b>Balance of income after claims</b>		104,586
		<hr/>
<b>Management expenditure</b>		
Clerical and office expenses		30,306
Pension cost		1,454
Directors' remuneration		17,483
Rent payable		3,570
Postage and stationery		20,381
Advertising		23,887
Audit and accountancy		3,775
Travel and subsistence		321
Sundry expenses		1,298
Bank charges		4,745
Credit card commission		2,720
Repairs and renewals		473
Depreciation		1,003
Legal and professional		2,838
Claims management costs		(23,000)
		<hr/>
<b>Total management expenditure</b>		91,254
		<hr/>
<b>Profit on insurance business</b>		13,332
		<hr/>
<b>Investment income</b>		
Bank interest		39,329
		<hr/>
<b>Profit before taxation</b>		52,661
		<hr/> <hr/>