

**SCOTTISH FRIENDLY  
INSURANCE SERVICES LIMITED**

**DIRECTORS' REPORT & ACCOUNTS**

**31 December 2003**



**Registered Number: SC113007**

# SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

## DIRECTORS' REPORT

The Directors present their Report and Audited Accounts for the year ended 31 December 2003.

### Principal Activity

The principal activity of the Company is carrying on business as agents for the transaction of general branch insurance and life assurance.

### Dividend

The Directors do not recommend the payment of a dividend.

### Directors & Directors' Interests

The Directors of the Company during the year and their interests in the Company were as follows:


	Number of Shares	
	As at 31.12.03	As at 01.01.03
R G Thomson	1	1
A D Forbes	-	-

The share held by R G Thomson is held beneficially on behalf of Scottish Friendly Assurance Society Limited.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



**Fiona C McBain**  
Secretary

2 March 2004

## **SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts 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 the year. In preparing those accounts, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently,
- (b) make judgements and estimates that are reasonable and prudent,
- (c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts, and
- (d) prepare the accounts 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and prevent and detect fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE  
MEMBERS OF SCOTTISH FRIENDLY  
INSURANCE SERVICES LIMITED**

We have audited the financial statements on pages 5 to 9.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report, and as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 with the company is not disclosed.

**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 accounts. 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 accounts 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.

**INDEPENDENT AUDITORS' REPORT TO THE  
MEMBERS OF SCOTTISH FRIENDLY  
INSURANCE SERVICES LIMITED (continued)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
2 March 2004

24 Blythwood Square  
GLASGOW  
G2 4QS

**SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED**

**PROFIT & LOSS ACCOUNT**

**FOR YEAR ENDED 31 DECEMBER 2003**

	<b>Note</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
Turnover	2	<b>29,663</b>	51,150
Commissions paid		<b>3,186</b>	6,574
Administrative expenses	3	<b>26,671</b>	44,814
		<u><b>29,857</b></u>	<u>51,388</u>
Operating (loss)		<b>(194)</b>	(238)
Interest receivable		<b>194</b>	238
Profit for the financial year before and after tax		<u><b>Nil</b></u>	<u>Nil</u>

The company has no recognised gains or losses other than the result for the year.

# SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2003

	Note	2003 £	2002 £
<b>CURRENT ASSETS</b>			
Trade debtors		25,307	35,626
Money on deposit		337	6,743
Cash at bank		<u>2,034</u>	<u>2,077</u>
		<u>27,678</u>	<u>44,446</u>

**CREDITORS:** Amounts falling due within one year

Amounts due to parent company	25,938	39,367
Other creditors	<u>1,735</u>	<u>5,074</u>
	<u>27,673</u>	<u>44,441</u>

<b>NET ASSETS</b>	<u>£5</u>	<u>£5</u>
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### CAPITAL AND RESERVES

Called up share capital	4	5	5
Profit and loss account		-	-

<b>SHAREHOLDERS' FUNDS - All equity</b>	<u>£5</u>	<u>£5</u>
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The Accounts were approved by the Board of Directors on 2 March 2004:

Director  A D Forbes

Director  R G Thomson

**SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2003**

	Note	2003 £	2002 £
Net cash (outflow) from operating activities	5	(6,643)	(9,677)
Returns on investments and servicing of finance			
Interest received		<u>194</u>	<u>238</u>
Net cash inflow from returns on investments and servicing of finance		<u>194</u>	<u>238</u>
(Decrease) in cash	6	<u>£(6,449)</u>	<u>£(9,439)</u>



# SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 DECEMBER 2003

#### 1. Basis of Preparation

The Accounts are prepared under the historical cost accounting rules and in accordance with applicable accounting standards.

#### 2. Turnover

Turnover comprises commissions received in the United Kingdom.

#### 3. Administrative Expenses

	2003	2002
Administrative expenses include:		
Directors' emoluments	<u>£500</u>	<u>£480</u>
Audit fee	<u>£1,234</u>	<u>£1,263</u>
Management charge by parent undertaking	<u>£21,091</u>	<u>£39,367</u>

#### 4. Share Capital

Authorised: 100 shares of £1 each	<u>£100</u>	<u>£100</u>
Allotted, called up and fully paid:		
5 shares of £1 each	<u>£5</u>	<u>£5</u>

#### 5. Net cash inflow/ (outflow) from Operating Activities

	2003 £	2002 £
Operating (Loss)	(194)	(238)
Decrease/ (Increase) in Debtors	10,319	(13,497)
(Decrease)/ Increase in Creditors	<u>(16,768)</u>	<u>4,058</u>
Net cash (outflow) from operating activities	<u>(6,643)</u>	<u>(9,677)</u>

# SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2003 (continued)

6. Reconciliation of net cash flows to movement in Net Funds

	2003 £	2002 £
(Decrease) in cash in year	(6,449)	(9,439)
Net Funds at 1 <sup>st</sup> January	<u>8,820</u>	<u>18,259</u>
Net Funds at 31 <sup>st</sup> December	<u>2,371</u>	<u>8,820</u>

7. Analysis of changes in Net Funds

	At 1/1/2003 £	Cash Flows £	At 31/12/2003 £
Cash at bank and in hand	<u>8,820</u>	<u>(6,449)</u>	<u>2,371</u>

8. Ultimate Parent Undertaking

The Company is a wholly owned subsidiary of Scottish Friendly Assurance Society Limited. Copies of those accounts may be obtained from the Secretary, Scottish Friendly Assurance Society Limited, Scottish Friendly House, 16 Blythswood Square, Glasgow G2 4HJ.