

**Registration number 226865**

**J W GROUP LIMITED AND SUBSIDIARIES**

**Directors' report and financial statements**

**for the year ended 31 May 2003**



## **J W GROUP LIMITED AND SUBSIDIARIES**

### **Company information**

Directors	K Davie K Whittle R Young	appointed 15 April 2002 appointed 15 April 2002 appointed 15 April 2002
Secretary	HBJ Secretarial Limited	
Company number	226865	
Date of Incorporation	11 January 2002	
Registered office	Davidson House 57 Queen Charlotte Street Edinburgh EH6 7YD	
Auditors	Barrie Scott & Co. 16-18 Weir Street FALKIRK FK1 1RA	
Client code	5352A	
Business address	Davidson House 57 Queen Charlotte Street Edinburgh EH6 7YD	
Bankers	Clydesdale Bank plc 4 Bernard Street Leith Edinburgh EH6 6PX	

## **J W GROUP LIMITED AND SUBSIDIARIES**

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## **J W GROUP LIMITED AND SUBSIDIARIES**

### **Directors' report for the year ended 31 May 2003**

The directors present their report and the financial statements for the year ended 31 May 2003.

#### **Principal activity and review of the business**

The principal activity of the company is the holding of shares.

The J W Group Limited owns 100% of the ordinary share capital of J W Group Lowland Insurance Brokers Limited which was incorporated on the 16 November 1971.

The principal activity of this subsidiary company is that of general insurance brokers.

The J W Group Limited owns 91.50% of the ordinary share capital of J W Group Insurance & Risk Managers Limited, which was incorporated on the 4 May 2000.

The principal activity of this subsidiary company is that of general insurance brokers.

The J W Group Limited owns 75% of the ordinary share capital of J W Group Investment Strategies Limited, which was incorporated on the 3 November 1993.

The principal activity of this subsidiary company is the provision of financial services.

#### **Results and dividends**

The results for the year are set out on page 5.

The directors have paid an interim dividend amounting to £127,025 and they do not recommend payment of a final dividend.

#### **Directors and their interests**

The directors who served during the year and their interests in the company are as stated below:

		<b>Ordinary shares</b>		<b>Preference shares</b>	
		<b>31/05/03</b>	<b>01/06/02</b>	<b>31/05/03</b>	<b>01/06/02</b>
		<b>or date of appointment</b>		<b>or date of appointment</b>	
K Davie	appointed 15 April 2002	1,000	1,000	30,000	30,000
K Whittle	appointed 15 April 2002	1,000	1,000	30,000	30,000
R Young	appointed 15 April 2002	1,000	1,000	-	30,000

#### **Charitable and political contributions**

During the year the company contributed £1,821 to charities.

#### **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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## **J W GROUP LIMITED AND SUBSIDIARIES**

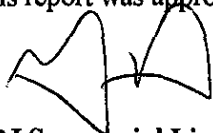
### **Directors' report for the year ended 31 May 2003**

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.

#### **Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Barrie Scott & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 1 March 2004 and signed on its behalf by



Director, **HBJ Secretarial Limited**  
**Secretary**

## **J W GROUP LIMITED AND SUBSIDIARIES**

### **Independent auditors' report to the shareholders of J W GROUP LIMITED AND SUBSIDIARIES**

We have audited the financial statements of J W GROUP LIMITED AND SUBSIDIARIES for the year ended 31 May 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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.

**J W GROUP LIMITED AND SUBSIDIARIES**

**Independent auditors' report to the shareholders of J W GROUP LIMITED AND SUBSIDIARIES**

**Opinion**

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



**Barrie Scott & Co.  
Chartered Accountants and  
Registered auditors  
1 March 2004**

**16-18 Weir Street  
FALKIRK  
FK1 1RA**

## **J W GROUP LIMITED AND SUBSIDIARIES**

### **Consolidated Profit and loss account for the year ended 31 May 2003**

#### **Continuing operations**

		<b>Period ended 31/05/03</b>
	<b>Notes</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	2,966,125
Administrative expenses		(2,947,203)
<b>Operating profit</b>	<b>3</b>	18,922
Other interest receivable and similar income	<b>4</b>	34,532
Interest payable and similar charges	<b>5</b>	(40,647)
<b>Profit on ordinary activities before taxation</b>		12,807
Tax on profit on ordinary activities	<b>8</b>	(31,423)
<b>Loss on ordinary activities after taxation</b>		(18,616)
Minority interest		(3,203)
		(21,819)
Dividends (partly non-equity)	<b>9</b>	(127,025)
<b>Loss for the year</b>		(148,844)

**The notes on pages 10 to 27 form an integral part of these financial statements.**



# J W GROUP LIMITED AND SUBSIDIARIES

## Consolidated Balance sheet as at 31 May 2003

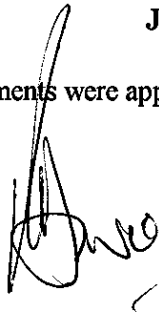
	Notes	31/05/03	
		£	£
<b>Fixed assets</b>			
Intangible assets	10		1,606,150
Tangible assets	11		466,704
Investments	12		3,596
			<u>2,076,450</u>
<b>Current assets</b>			
Debtors	13	780,984	
Cash at bank and in hand		1,382,551	
		<u>2,163,535</u>	
<b>Creditors: amounts falling due within one year</b>	14	(2,809,581)	
<b>Net current liabilities</b>			<u>(646,046)</u>
<b>Total assets less current liabilities</b>			1,430,404
<b>Creditors: amounts falling due after more than one year</b>	15		(693,468)
<b>Provisions for liabilities and charges</b>	16		(9,371)
<b>Net assets</b>			<u>727,565</u>
<b>Capital and reserves</b>			
Called up share capital	18		903,000
Share premium account	19		43,365
Revaluation reserve	19		81,185
Other reserves	19		24,661
Profit and loss account	19		(388,621)
			<u>663,590</u>
Minority interest			63,975
<b>Shareholders' funds</b>	20		<u>727,565</u>
<b>Equity interests</b>			(172,435)
<b>Non-equity interests</b>			<u>900,000</u>

The notes on pages 10 to 27 form an integral part of these financial statements.

**J W GROUP LIMITED AND SUBSIDIARIES**

The financial statements were approved by the Board on 1 March 2004 and signed on its behalf by

**K Davie**  
**Director**

A handwritten signature in black ink, appearing to be 'K Davie', written over a circular stamp or seal.

**The notes on pages 10 to 27 form an integral part of these financial statements.**

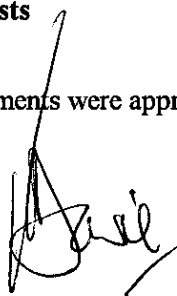
# J W GROUP LIMITED

## Balance sheet as at 31 May 2003

		31/05/03	
	Notes	£	£
<b>Fixed assets</b>			
Investments	12		2,061,934
			<u>2,061,934</u>
<b>Current assets</b>			
Debtors	13	90,000	
		<u>90,000</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>675,025</u>	
<b>Net current liabilities</b>			<u>585,025</u>
<b>Total assets less current liabilities</b>			1,476,909
<b>Creditors: amounts falling due after more than one year</b>	15		<u>565,469</u>
<b>Net assets</b>			<u><u>911,440</u></u>
<b>Capital and reserves</b>			
Called up share capital	18		903,000
Profit and loss account	19		<u>8,440</u>
<b>Equity shareholders' funds</b>	20		<u><u>911,440</u></u>
<b>Equity interests</b>			11,440
<b>Non-equity interests</b>			<u><u>900,000</u></u>

The financial statements were approved by the Board on 1 March 2004 and signed on its behalf by

**K Davie**  
**Director**



**The notes on pages 10 to 27 form an integral part of these financial statements.**

# J W GROUP LIMITED AND SUBSIDIARIES

## Consolidated Cash flow statement for the year ended 31 May 2003

	Notes	Period ended 31/05/03 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit		18,922
Depreciation		233,940
(Increase) in debtors		(703,423)
Increase in creditors		2,336,315
<b>Net cash inflow from operating activities</b>		<u>1,885,754</u>
<b>Cash flow statement</b>		
Net cash inflow from operating activities		1,885,754
Returns on investments and servicing of finance	23	(96,115)
Taxation	23	(18,167)
Capital expenditure	23	(1,713,091)
		<u>58,381</u>
Equity dividends paid		(60,114)
		<u>(1,733)</u>
Financing	23	1,609,153
<b>Increase in cash in the year</b>		<u>1,607,420</u>
<b>Reconciliation of net cash flow to movement in net funds (Note 24)</b>		
<b>Increase in cash in the year</b>		1,607,420
Cash inflow from decrease in debts and lease financing		(745,844)
Change in net funds resulting from cash flows		861,576
New finance leases and hire purchase contracts		(269,306)
<b>Movement in net funds in the year</b>		<u>592,270</u>
<b>Net debt at 1 June 2002</b>		<u>(31,809)</u>
<b>Net funds at 31 May 2003</b>		<u>560,461</u>

## **J W GROUP LIMITED AND SUBSIDIARIES**

### **Notes to the financial statements for the year ended 31 May 2003**

#### **1. Accounting policies**

##### **1.1. Accounting convention**

###### **Group and J W Group Limited**

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets .

The company has consistently applied all relevant accounting standards.

##### **1.2. Turnover**

###### **Group and J W Group Limited**

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

##### **1.3. Goodwill**

###### **Group and J W Group Limited**

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 30 years.

##### **1.4. Tangible fixed assets and depreciation**

###### **Group and J W Group Limited**

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

###### **Land and buildings**

J W Group Lowland	-	Straight line over fifty years
Insurance Brokers Limited		

###### **Fixtures, fittings and equipment**

J W Group Lowland	-	25% straight line
Insurance Brokers Limited		

J W Group Insurance & Risk	-	25% reducing balance
Managers Limited		

J W Group Investment	-	15% reducing balance
Strategies Limited		

###### **Motor vehicles**

J W Group Lowland	-	25% straight line
Insurance Brokers Limited		

J W Group Insurance & Risk	-	25% reducing balance
Managers Limited		

J W Group Investment	-	25% reducing balance
Strategies Limited		

## **J W GROUP LIMITED AND SUBSIDIARIES**

### **Notes to the financial statements for the year ended 31 May 2003**

..... continued

#### **1.5. Leasing and hire purchase commitments**

##### **Group and J W Group Limited**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

#### **1.6. Investments**

##### **Group and J W Group Limited**

Fixed asset investments are stated at cost less provision for diminution in value.

#### **1.7. Pensions**

##### **Group and J W Group Limited**

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

#### **1.8. Deferred taxation**

##### **Group and J W Group Limited**

The company adopted Financial Reporting Standard 19 "Deferred Taxation" (FRS 19) during the financial year.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

# **J W GROUP LIMITED AND SUBSIDIARIES**

## **Notes to the financial statements for the year ended 31 May 2003**

..... continued

### **2. Turnover**

#### **Group and J W Group Limited**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

### **3. Operating profit**

**Period  
ended  
31/05/03  
£**

#### **Group**

Operating profit is stated after charging:

Depreciation and other amounts written off intangible assets	84,534
Depreciation and other amounts written off tangible assets	131,707
Loss on disposal of tangible fixed assets	17,699
Auditors' remuneration	25,404

**Period  
ended  
31/05/03  
£**

### **4. Interest receivable and similar income**

#### **Group**

Bank interest	34,532
---------------	--------

**Period  
ended  
31/05/03**

### **5. Interest payable and similar charges**

#### **Group**

Interest payable on loans < 1 yr	13,790
Lease finance charges and hire purchase interest	26,857
	40,647

# **J W GROUP LIMITED AND SUBSIDIARIES**

## **Notes to the financial statements for the year ended 31 May 2003**

..... continued

### **6. Employees**

#### **Group**

	<b>Period ended 31/05/03</b>
<b>Number of employees</b>	
The average monthly numbers of employees (including the directors) during the year were:	
Staff	70
	<u>70</u>
<b>Employment costs</b>	<b>31/05/03 £</b>
Wages and salaries	1,624,432
Social security costs	58,026
Other pension costs	94,677
	<u>1,777,135</u>

	<b>Period ended 31/05/03</b>
<b>6.1. Directors' emoluments</b>	

#### **J W Group Limited**

Remuneration and other emoluments	-
Pension contributions	-
Compensation for loss of office	-
	<u>-</u>

### **7. Pension costs**

#### **Group**

The company operates a defined contribution pension scheme in respect of the directors and employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £94,677 (2002 - £-).



# J W GROUP LIMITED AND SUBSIDIARIES

## Notes to the financial statements for the year ended 31 May 2003

..... continued

### 8. Tax on profit on ordinary activities

#### Group

	Period ended 31/05/03 £
<b>Analysis of charge in period</b>	
<b>Current tax</b>	
UK corporation tax	33,985
Total current tax charge	<u>33,985</u>
<b>Deferred tax</b>	
Timing differences, origination and reversal	(2,562)
Total deferred tax	<u>(2,562)</u>
Tax on profit on ordinary activities	<u><u>31,423</u></u>

#### Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (19 per cent). The differences are explained below:

	2003 £
Profit on ordinary activities before taxation	<u><u>41,739</u></u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	7,930
<b>Effects of:</b>	
Expenses not deductible for tax purposes (primarily goodwill amortisation)	35,292
Capital allowances for period in excess of depreciation	(14,993)
Utilisation of tax losses	(5,215)
Current tax charge for period	<u><u>23,014</u></u>

#### J W Group Limited

	31/05/03 £
<b>Analysis of charge in period</b>	
<b>Current tax</b>	
UK corporation tax	8,379
Total current tax charge	<u><u>8,379</u></u>

# J W GROUP LIMITED AND SUBSIDIARIES

## Notes to the financial statements for the year ended 31 May 2003

..... continued

### Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (19 per cent). The differences are explained below:

	2003 £
Profit on ordinary activities before taxation	138,319
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (31 May 2002 : -%)	2,681
<b>Effects of:</b>	
Expenses not deductible for tax purposes (primarily goodwill amortisation)	10,498
Dividends received	28,400
Current tax charge for period	8,379

	Period ended 31/05/03 £
<b>9. Dividends</b>	
<b>J W Group Limited</b>	
<b>Dividends on equity shares:</b>	
Ordinary shares - interim paid	37,025
<b>Dividends on non-equity shares:</b>	
Preference shares - interim paid	90,000
<b>Total dividends</b>	127,025

# J W GROUP LIMITED AND SUBSIDIARIES

## Notes to the financial statements for the year ended 31 May 2003

..... continued

### 10. Intangible fixed assets Group

	<b>Total £</b>
<b>Cost</b>	
Additions	1,690,684
At 31 May 2003	<u>1,690,684</u>
<b>Provision for diminution in value</b>	
Charge for year	84,534
At 31 May 2003	<u>84,534</u>
<b>Net book value</b>	
At 31 May 2003	<u><u>1,606,150</u></u>

11. Tangible fixed assets	<b>Land and buildings freehold £</b>	<b>Fixtures, fittings and equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Group</b>				
<b>Cost/revaluation</b>				
At 1 June 2002	142,500	387,543	96,682	626,725
Additions	-	277,560	50,179	327,739
Disposals	-	(15,857)	(81,385)	(97,242)
At 31 May 2003	<u>142,500</u>	<u>649,246</u>	<u>65,476</u>	<u>857,222</u>
<b>Depreciation</b>				
At 1 June 2002	-	271,443	30,885	302,328
On disposals	-	(8,462)	(35,055)	(43,517)
Charge for the year	4,245	101,544	25,918	131,707
At 31 May 2003	<u>4,245</u>	<u>364,525</u>	<u>21,748</u>	<u>390,518</u>
<b>Net book value</b>				
At 31 May 2003	<u><u>138,255</u></u>	<u><u>284,721</u></u>	<u><u>43,728</u></u>	<u><u>466,704</u></u>
At 31 May 2002	<u><u>142,500</u></u>	<u><u>116,100</u></u>	<u><u>65,797</u></u>	<u><u>324,397</u></u>

# J W GROUP LIMITED AND SUBSIDIARIES

## Notes to the financial statements for the year ended 31 May 2003

..... continued

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	31/05/03	
	Net book value £	Depreciation charge £
Equipment	163,647	54,550
Motor vehicles	37,634	12,545
	<u>201,281</u>	<u>67,095</u>

12. Fixed asset investments	Listed investments £	Other unlisted investments £	Total £
<b>Group</b>			
<b>Cost</b>			
At 1 June 2002			
At 31 May 2003	254	3,342	3,596
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>			
At 31 May 2003	254	3,342	3,596
	<u>          </u>	<u>          </u>	<u>          </u>

### J W Group Limited

#### Subsidiary undertakings shares

<b>Cost</b>	
At 1 June 2002	-
Additions	2,061,934
At 31 May 2003	<u>2,061,934</u>

12.1. Fixed asset investments	31/05/03 £
Market valuation of listed investments	<u>71</u>

# J W GROUP LIMITED AND SUBSIDIARIES

## Notes to the financial statements for the year ended 31 May 2003

..... continued

### 12.2. Holdings of 20% or more

#### J W Group Limited

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
<b>Subsidiary undertaking</b>				
J W Group Lowland Insurance Brokers Limited	Scotland	general insurance brokers	Ordinary	100%
J W Group Insurance & Risk Managers Limited	Scotland	general insurance brokers	ordinary	91.5%
J W Group Investment Strategies Limited	Scotland	provision of financial services	Ordinary	75%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit for the year £
J W Group Lowland Insurance Brokers Limited	127,694	(68,729)
J W Group Insurance & Risk Managers Limited	694,407	791
J W Group Investment Strategies Limited	19,807	(525)

## **J W GROUP LIMITED AND SUBSIDIARIES**

### **Notes to the financial statements for the year ended 31 May 2003**

..... continued

<b>13. Debtors</b>	<b>31/05/03</b>
	<b>£</b>
<b>Group</b>	
Trade debtors	753,049
Other debtors	490
Prepayments and accrued income	27,445
	<u>780,984</u>
<b>J W Group Limited</b>	
Amounts owed by group undertakings	90,000
	<u>90,000</u>

## J W GROUP LIMITED AND SUBSIDIARIES

### Notes to the financial statements for the year ended 31 May 2003

..... continued

**14. Creditors: amounts falling due  
within one year** **31/05/03**  
**£**

**Group**

Bank overdraft	235,925
Bank loan	132,000
Net obligations under finance leases and hire purchase contracts	71,356
Trade creditors	1,850,862
Corporation tax	33,985
Other taxes and social security costs	32,951
Directors' accounts	30,952
Other creditors	33,640
Accruals and deferred income	387,910
	<u>2,809,581</u>

**J W Group Limited**

Bank loan	132,000
Amounts owed to group undertaking	216,688
Corporation tax	8,379
Other creditors	314,433
Accruals and deferred income	3,525
	<u>675,025</u>

The Clydesdale Bank plc has a floating charge for all sums due or to become due together with cross guarantees between J W Group Limited, J W Group Insurance & Risk Managers Limited, J W Group Investment Strategies Limited and J W Group Lowland Insurance Brokers Limited. The Clydesdale Bank plc also hold assignation over Key Man cover totalling £995,000.00 and Skandia Life policy with the sum assured being £1m on each director.

# **J W GROUP LIMITED AND SUBSIDIARIES**

## **Notes to the financial statements for the year ended 31 May 2003**

..... continued

<b>15. Creditors: amounts falling due after more than one year</b>	<b>31/05/03 £</b>
<b>Group</b>	
Bank loan	251,036
Other creditor	314,432
Net obligations under finance leases and hire purchase contracts	128,000
	<u>693,468</u>
 <b>Loans</b>	
Repayable in one year or less, or on demand (Note 14)	132,000
Repayable between one and two years	446,433
Repayable between two and five years	119,036
	<u>697,469</u>
 <b>J W Group Limited</b>	
Bank loan	251,036
Other creditor	314,433
	<u>565,469</u>
 <b>Loans</b>	
Repayable in one year or less, or on demand (Note 14)	132,000
Repayable between one and two years	446,433
Repayable between two and five years	119,036
Repayable in five years or more	-
	<u>697,469</u>



# **J W GROUP LIMITED AND SUBSIDIARIES**

## **Notes to the financial statements for the year ended 31 May 2003**

..... continued

### **16. Provisions for liabilities and charges**

	<b>Total £</b>
<b>Group</b>	
At 1 June 2002	11,933
Movements in the year	2,562
At 31 May 2003	<u>9,371</u>

### **17. Provision for deferred taxation**

**31/05/03  
£**

#### **Group**

Accelerated capital allowances	<u>9,371</u>
--------------------------------	--------------

Provision at 1 June 2002	11,933
Deferred tax charge in profit and loss account	(2,562)
Provision at 31 May 2003	<u>9,371</u>

# J W GROUP LIMITED AND SUBSIDIARIES

## Notes to the financial statements for the year ended 31 May 2003

..... continued

18. Share capital	31/05/03 £
<b>Authorised</b>	
3,000 Ordinary shares of £1 each	3,000
900,000 Preference shares of £1 each	900,000
	<u>903,000</u>
Equity interest	3,000
Non-equity interest	<u>900,000</u>
<b>Issued</b>	
3,000 Ordinary shares of £1 each	3,000
900,000 Preference shares of £1 each	900,000
	<u>903,000</u>
Equity interest	3,000
Non-equity interest	<u>900,000</u>

19. Equity Reserves	Share premium account £	Revaluation reserve £	Profit and loss account £	Capital redemption reserve £	Total £
<b>Group</b>					
At 1 June 2002	8,707	87,125	177,336	24,850	298,018
Premium on issue of shares	38,359				38,359
Transfer of realised profit		(5,940)	5,940		-
Pre acquisition profits			(345,068)		(345,068)
Loss for the year			(148,844)		(148,844)
Purchase of own shares	-		(78,050)	1,561	(76,489)
Minority interest	(3,701)	-	65	(1,750)	(5,386)
<b>At 31 May 2003</b>	<u>43,365</u>	<u>81,185</u>	<u>(388,621)</u>	<u>24,661</u>	<u>(239,410)</u>

# **J W GROUP LIMITED AND SUBSIDIARIES**

## **Notes to the financial statements for the year ended 31 May 2003**

..... continued

<b>20. Reconciliation of movements in shareholders' funds</b>	<b>31/05/03 £</b>
<b>Group</b>	
Loss for the year	(21,819)
Dividends	(127,025)
	<u>(148,844)</u>
Proceeds of issue of non-equity shares	900,000
	<u>751,156</u>
Reversal of non-equity appropriations	63,975
Net proceeds of equity share issue	41,359
Purchase of own shares	(76,489)
Other recognised gains or losses	(350,454)
	<u>429,547</u>
Net addition to shareholders' funds	298,018
Opening shareholders' funds	<u>727,565</u>
Closing shareholders' funds	<u><u>727,565</u></u>
 <b>J W Group Limited</b>	
Loss for the year	129,940
Dividends	121,500
	<u>8,440</u>
Proceeds of issue of non-equity shares	900,000
	<u>908,440</u>
Net proceeds of equity share issue	3,000
	<u><u>911,440</u></u>

## **J W GROUP LIMITED AND SUBSIDIARIES**

### **Notes to the financial statements for the year ended 31 May 2003**

..... continued

#### **21. Transactions with directors**

##### **J W Group Limited**

The following directors had interest free loans during the year. The movements on these loans are as follows:

	<b>Amount owing 31/05/03 £</b>	<b>Maximum in year £</b>
K Davie	-	30,000
K Whittle	-	30,000
R Young	-	7,500
	<u>          </u>	<u>          </u>

#### **22. Related party transactions**

##### **Group and J W Group Limited**

J W Group Investment Strategies Limited, J W Group Insurance & Risk Managers Limited and J W Group Lowland Insurance Brokers Limited are deemed to be related parties of J W Group Limited by virtue of the fact that J W Group Limited and its directors have influence over the financial and operating policies of these companies.

##### **J W Group Investment Strategies Limited**

There were no related party transactions which require disclosure.

##### **J W Group Insurance & Risk Managers Limited**

There were no related party transactions which require disclosure.

##### **J W Group Lowland Insurance Brokers Limited**

There were no related party transactions which require disclosure.

# J W GROUP LIMITED AND SUBSIDIARIES

## Notes to the financial statements for the year ended 31 May 2003

..... continued

### 23. Gross cash flows

	31/05/03 £
<b>Returns on investments and servicing of finance</b>	
Interest received	34,532
Interest paid	(20,479)
Interest element of finance lease rental payments	(20,168)
Preference dividends paid	(90,000)
	<u>(96,115)</u>
<b>Taxation</b>	
Corporation tax paid	<u>(18,167)</u>
<b>Capital expenditure</b>	
Payments to acquire intangible assets	(1,690,684)
Payments to acquire tangible assets	(58,433)
Receipts from sales of tangible assets	36,026
	<u>(1,713,091)</u>
<b>Financing</b>	
Issue of ordinary share capital	41,359
Issue of preference share capital	900,000
Purchase of own shares	(78,050)
New long term bank loan	383,036
Other new long term loans	446,432
Repayment of short term bank loan	(5,946)
Capital element of finance leases and hire purchase contracts	(21,241)
Capital element of finance lease contracts	(56,437)
	<u>1,609,153</u>

# J W GROUP LIMITED AND SUBSIDIARIES

## Notes to the financial statements for the year ended 31 May 2003

..... continued

### 24. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	-	1,382,551		1,382,551
Overdrafts	-	(235,925)		(235,925)
	-	1,146,626		1,146,626
Debt due within one year	(5,946)	(126,054)	310,659	178,659
Debt due after one year	(18,135)	(697,468)	150,135	(565,468)
Finance leases and hire purchase contracts	(7,728)	77,678	(269,306)	(199,356)
	(31,809)	(745,844)	191,488	(586,165)
<b>Net funds</b>	<b>(31,809)</b>	<b>400,782</b>	<b>191,488</b>	<b>560,461</b>

## **J W GROUP LIMITED**

### **Company information**

Directors	K Davie K Whittle R Young	appointed 15 April 2002 appointed 15 April 2002 appointed 15 April 2002
Secretary	HBJ Secretarial Limited	
Company number	SC226865	
Date of Incorporation	11 January 2002	
Auditors	Barrie Scott & Co. 16-18 Weir Street FALKIRK FK1 1RA	
Client code	5352	
Business address	Davidson House 57 Queen Charlotte Street Edinburgh EH6 7YD	
Bankers	Clydesdale Bank plc 4 Bernard Street Leith Edinburgh EH6 6PX	

# **J W GROUP LIMITED**

## **Directors' report for the period ended 31 May 2003**

The directors present their report and the financial statements for the period ended 31 May 2003.

### **Incorporation and change of name**

The company was incorporated on 11 January 2002 as HBJ 587 Limited. The name of the company was changed to *J W GROUP LIMITED* on 5 February 2002. The company commenced trade on 1 June 2002.

### **Principal activity and review of the business**

The principal activity of the company is the holding of shares.

The J W Group Limited owns 100% of the ordinary share capital of J W Group Lowland Insurance Brokers Limited, which was incorporated on the 16 November 1971.

The principal activity of this subsidiary company is that of general insurance brokers.

The J W Group Limited owns 91.50% of the ordinary share capital of J W Group Insurance & Risk Managers Limited, which was incorporated on the 4 May 2000.

The principal activity of this subsidiary company is that of general insurance brokers.

The J W Group Limited owns 75% of the ordinary share capital of J W Group Investment Strategies Limited, which was incorporated on the 3 November 1993.

The principal activity of this subsidiary company is the provision of financial services.

### **Results and dividends**

The results for the period are set out on page 5.

The directors have paid an interim dividend amounting to £121,500 and they do not recommend payment of a final dividend.

### **Directors and their interests**

The directors who served during the period and their interests in the company are as stated below:

		<b>Ordinary shares</b>		<b>Preference shares</b>	
		<b>31/05/03</b>	<b>31/05/02</b>	<b>31/05/03</b>	<b>31/05/02</b>
		<b>or date of appointment</b>		<b>or date of appointment</b>	
K Davie	appointed 15 April 2002	1,000	1,000	300,000	300,000
K Whittle	appointed 15 April 2002	1,000	1,000	300,000	300,000
R Young	appointed 15 April 2002	1,000	1,000	-	3,000,000

### **Directors' responsibilities**

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

- select suitable accounting policies and 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;



## **J W GROUP LIMITED**

### **Directors' report for the period ended 31 May 2003**

- 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.

#### **Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Barrie Scott & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 1 March 2004 and signed on its behalf by



Director, HBJ Secretarial Limited  
Secretary

## **J W GROUP LIMITED**

### **Independent auditors' report to the shareholders of J W GROUP LIMITED**

We have audited the financial statements of J W GROUP LIMITED for the period ended 31 May 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

*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.*

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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.

**J W GROUP LIMITED**

**Independent auditors' report to the shareholders of J W GROUP 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 May 2003 and of its profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Barrie Scott & Co.  
Chartered Accountants and  
Registered auditors  
1 March 2004**

**16-18 Weir Street  
FALKIRK  
FK1 1RA**

# J W GROUP LIMITED

## Profit and loss account for the period ended 31 May 2003

### Continuing operations

		Period ended 31/05/03
	Notes	£
<b>Turnover</b>	<b>2</b>	60,000
Administrative expenses		(58,784)
<b>Operating profit</b>	<b>3</b>	<u>1,216</u>
Investment income	<b>4</b>	149,475
Interest payable and similar charges	<b>5</b>	(12,372)
<b>Profit on ordinary activities before taxation</b>		<u>138,319</u>
Tax on profit on ordinary activities	<b>6</b>	(8,379)
<b>Profit on ordinary activities after taxation</b>		<u>129,940</u>
Dividends (partly non-equity)	<b>7</b>	(121,500)
<b>Retained profit for the period</b>		<u><u>8,440</u></u>

There are no recognised gains or losses other than the profit or loss for the above financial period.

The notes on pages 8 to 14 form an integral part of these financial statements.

# J W GROUP LIMITED

## Balance sheet as at 31 May 2003

	Notes	31/05/03	
		£	£
<b>Fixed assets</b>			
Investments	8		2,061,934
<b>Current assets</b>			
Debtors	9	90,000	
		<u>90,000</u>	
<b>Creditors: amounts falling due within one year</b>	10	(675,025)	
<b>Net current liabilities</b>			<u>(585,025)</u>
<b>Total assets less current liabilities</b>			1,476,909
<b>Creditors: amounts falling due after more than one year</b>	11		(565,469)
<b>Net assets</b>			<u>911,440</u>
<b>Capital and reserves</b>			
Called up share capital	12		903,000
Profit and loss account			<u>8,440</u>
<b>Shareholders' funds</b>	13		<u>911,440</u>
<b>Equity interests</b>			11,440
<b>Non-equity interests</b>			<u>900,000</u>

The financial statements were approved by the Board on 1 March 2004 and signed on its behalf by

**K Davie**  
Director



The notes on pages 8 to 14 form an integral part of these financial statements.

# J W GROUP LIMITED

## Cash flow statement for the period ended 31 May 2003

	Notes	Period ended 31/05/03 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit		1,216
(Increase) in debtors		(90,000)
Increase in creditors		534,646
<b>Net cash inflow from operating activities</b>		<u>445,862</u>
<b>Cash flow statement</b>		
Net cash inflow from operating activities		445,862
Returns on investments and servicing of finance	16	47,103
Acquisitions and disposals	16	(2,061,934)
		<u>(1,568,969)</u>
Equity dividends paid		(31,500)
		<u>(1,600,469)</u>
Financing	16	1,732,469
<b>Increase in cash in the period</b>		<u>132,000</u>
<b>Reconciliation of net cash flow to movement in net debt (Note 17)</b>		
<b>Increase in cash in the period</b>		132,000
Cash inflow from decrease in debts and lease financing		(829,469)
<b>Net debt at 31 May 2003</b>		<u>(697,469)</u>

# **J W GROUP LIMITED**

## **Notes to the financial statements for the period ended 31 May 2003**

### **1. Accounting policies**

#### **1.1. Accounting convention**

The financial statements are prepared under the historical cost convention .

The company has consistently applied all relevant accounting standards.

#### **1.2. Turnover**

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

#### **1.3. Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

### **2. Turnover**

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the UK.

### **3. Operating profit**

Auditors' remuneration

Period  
ended  
31/05/03  
£  
1,763

### **4. Income from investments**

Income from subsidiary undertakings

Period  
ended  
31/05/03  
£  
149,475

### **5. Interest payable and similar charges**

Interest payable on loans < 1 yr

Period  
ended  
31/05/03  
£  
12,372

# J W GROUP LIMITED

## Notes to the financial statements for the period ended 31 May 2003

..... continued

### 6. Tax on profit on ordinary activities

	Period ended 31/05/03 £
<b>Analysis of charge in period</b>	
<b>Current tax</b>	
UK corporation tax	8,379

#### Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (19 per cent). The differences are explained below:

	2003 £
Profit on ordinary activities before taxation	138,319
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (: -%)	26,281
<b>Effects of:</b>	
Expenses not deductible for tax purposes (primarily goodwill amortisation)	10,498
Dividends received	(28,400)
Current tax charge for period	8,379

### 7. Dividends

	Period ended 31/05/03 £
<b>Dividends on equity shares:</b>	
Ordinary shares - interim paid	31,500
<b>Dividends on non-equity shares:</b>	
Preference shares - interim paid	90,000
<b>Total dividends</b>	121,500



# J W GROUP LIMITED

## Notes to the financial statements for the period ended 31 May 2003

..... continued

<b>8. Fixed asset investments</b>	<b>Subsidiary undertakings shares £</b>	<b>Total £</b>
<b>Cost</b>		
Additions	2,061,934	2,061,934
At 31 May 2003	<u>2,061,934</u>	<u>2,061,934</u>
<b>Net book value</b>		
At 31 May 2003	<u><u>2,061,934</u></u>	<u><u>2,061,934</u></u>

### 8.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

<b>Company</b>	<b>Country of registration or incorporation</b>	<b>Nature of business</b>	<b>Shares held class</b>	<b>Proportion of shares held</b>
<b>Subsidiary undertaking</b>				
J W Group Insurance & Risk Managers Limited	Scotland	general insurance brokers	Ordinary	91.5%
J W Group Investment Strategies Limited	Scotland	provision of financial services	Ordinary	75%
J W Group Lowland Insurance Brokers Limited	Scotland	general insurance brokers	Ordinary	100%

<b>9. Debtors</b>	<b>31/05/03 £</b>
Amounts owed by group undertakings	<u><u>90,000</u></u>

# **J W GROUP LIMITED**

## **Notes to the financial statements for the period ended 31 May 2003**

..... continued

<b>10. Creditors: amounts falling due within one year</b>	<b>31/05/03 £</b>
Bank loan	132,000
Amounts owed to group undertaking	216,688
Corporation tax	8,379
Other creditors	314,433
Accruals and deferred income	3,525
	<u>675,025</u>

The Clydesdale Bank plc has a floating charge for all sums due or to become due together with cross guarantees between J W Group Limited, J W Group Insurance & Risk Managers Limited, J W Group Investment Strategies Limited and J W Group Lowland Insurance Brokers Limited. The Clydesdale Bank plc also hold assignation over Key Man cover totalling £995,000.00 and Skandia Life policy with the sum assured being £1m on each director.

<b>11. Creditors: amounts falling due after more than one year</b>	<b>31/05/03 £</b>
Bank loan	251,036
Other creditor	314,433
	<u>565,469</u>
<b>Loans</b>	
Repayable in one year or less, or on demand (Note 10)	132,000
Repayable between one and two years	446,433
Repayable between two and five years	119,036
	<u>697,469</u>
	<u></u>

# J W GROUP LIMITED

## Notes to the financial statements for the period ended 31 May 2003

..... continued

<b>12. Share capital</b>	<b>31/05/03</b>
	<b>£</b>
<b>Authorised</b>	
3,000 Ordinary shares of 1 each	3,000
900,000 Preference shares of 1 each	900,000
	<u>903,000</u>
Equity interest	3,000
Non-equity interest	<u>900,000</u>
<b>Allotted, called up and fully paid</b>	
3,000 Ordinary shares of 1 each	3,000
900,000 Preference shares of 1 each	900,000
	<u>903,000</u>
Equity interest	3,000
Non-equity interest	<u>900,000</u>
<b>13. Reconciliation of movements in shareholders' funds</b>	<b>31/05/03</b>
	<b>£</b>
Profit for the period	129,940
Dividends	(121,500)
	<u>8,440</u>
Proceeds of issue of non-equity shares	900,000
	<u>908,440</u>
Net proceeds of equity share issue	3,000
Net addition to shareholders' funds	<u>911,440</u>

# **J W GROUP LIMITED**

## **Notes to the financial statements for the period ended 31 May 2003**

..... continued

### **14. Transactions with directors**

The following directors had interest free loans during the period. The movements on these loans are as follows:

	<b>Amount owing 31/05/03 £</b>	<b>Maximum in period £</b>
K Davie	-	30,000
K Whittle	-	30,000
R Young	-	7,500
	<hr/>	<hr/>

### **15. Related party transactions**

*The following companies are deemed to be related parties by virtue of the fact that J W Group Limited and its directors have influence over their financial and operating policies:*

J W Group Investment Strategies Limited

There were no related party transactions which require disclosure.

J W Group Insurance & Risk Managers Limited

J W Group Insurance & Risk Managers Limited paid for all of the operating and other expenses of J W Group Limited, with J W Group Limited charging a management charge of £60,000.00. At the year end J W Group Limited owed J W Group Insurance & Risk Managers Limited £216,688.00.

J W Group Lowland Insurance Brokers Limited

J W Group Limited received a management charge of £90,000.00 from J W Group Lowland Insurance Brokers Limited.

# **J W GROUP LIMITED**

## **Notes to the financial statements for the period ended 31 May 2003**

..... continued

### **16. Gross cash flows**

	<b>31/05/03</b>
	<b>£</b>
<b>Returns on investments and servicing of finance</b>	
Interest paid	(12,372)
Dividends received	149,475
Preference dividends paid	(90,000)
	<u>47,103</u>
<b>Acquisitions and disposals</b>	
Payments on acquisition of group interests	(2,061,934)
	<u></u>
<b>Financing</b>	
Issue of ordinary share capital	3,000
Issue of preference share capital	900,000
New long term bank loan	383,036
Other new long term loans	446,433
	<u>1,732,469</u>

### **17. Analysis of changes in net funds**

	<b>Cash flows</b>	<b>Other changes</b>	<b>Closing balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Debt due within one year	(132,000)	-	(132,000)
Debt due after one year	(697,469)	132,000	(565,469)
	<u>(829,469)</u>	<u>132,000</u>	<u>(697,469)</u>
<b>Net funds</b>	<u>(829,469)</u>	<u>132,000</u>	<u>(697,469)</u>