

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2002
FOR
BIB (DARLINGTON) LIMITED**



A Member of
The UK 200 Group
PRACTISING CHARTERED ACCOUNTANTS



BIB (DARLINGTON) LIMITED

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FOR THE YEAR ENDED 31 OCTOBER 2002**

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BIB (DARLINGTON) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 OCTOBER 2002**

DIRECTORS: M P Littleton
P Atkinson
C D Carter
B Jackson

SECRETARY: P Atkinson

REGISTERED OFFICE: 150 - 154 Northgate
Darlington
Co. Durham
DL1 1QU

REGISTERED NUMBER: 1600910 (England and Wales)

AUDITORS: Baines Goldston
Registered Auditors
43 - 45 Yarm Lane
Stockton on Tees
TS18 3EA

BANKERS: Barclays Bank PLC
Tees Corporate Banking Centre
PO Box 235
Teesdale Business Park
Stockton on Tees
TS17 6YJ

BIB (DARLINGTON) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 OCTOBER 2002

The directors present their report with the financial statements of the company for the year ended 31 October 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of insurance broker and financial advisor.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

Interim dividends per share were paid as follows:

£5	- 30 April 2002
£5	- 31 October 2002
<u>£10</u>	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 October 2002 will be £100,000.

DIRECTORS

The directors during the year under review were:

M P Littleton	
P Atkinson	
C D Carter	
B Jackson	
Miss A J Simpson	- resigned 31.7.02

The beneficial interests of the directors holding office on 31 October 2002 in the issued share capital of the company were as follows:

	31.10.02	1.11.01
Ordinary shares £1 shares		
M P Littleton	4,000	4,000
P Atkinson	3,000	3,000
C D Carter	3,000	3,000
B Jackson	-	-

STATEMENT OF 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;
- 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.


BIB (DARLINGTON) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 2002**

AUDITORS

The auditors, Baines Goldston, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
P Atkinson - SECRETARY

Dated: 4. 6. 03.....

BIB (DARLINGTON) LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF BIB (DARLINGTON) LIMITED

We have audited the financial statements of BIB (Darlington) Limited for the year ended 31 October 2002 on pages five to thirteen. 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 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 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 members 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 on page two the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

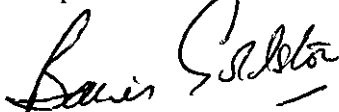
Basis of audit opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Baines Goldston
Registered Auditors
43 - 45 Yarm Lane
Stockton on Tees
TS18 3EA

Dated: 25 June 2003

BIB (DARLINGTON) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2002**

	Notes	2002 £	£	2001 £	£
TURNOVER			1,327,539		1,266,228
Administrative expenses			1,122,992		1,160,709
OPERATING PROFIT	3		204,547		105,519
Income from fixed asset investments		46		-	
Interest receivable and similar income		22,884		17,919	
			22,930		17,919
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			227,477		123,438
Tax on profit on ordinary activities	4		65,029		30,605
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			162,448		92,833
Dividends	5		100,000		108,000
RETAINED PROFIT/(DEFICIT) FOR THE YEAR			£62,448		£(15,167)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

BIB (DARLINGTON) LIMITED

**BALANCE SHEET
31 OCTOBER 2002**

	Notes	2002		2001	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		16,490		18,981
Investments	8		3,342		1,308
			<u>19,832</u>		<u>20,289</u>
CURRENT ASSETS					
Debtors	9	1,011,564		849,634	
Cash at bank		543,055		471,781	
		<u>1,554,619</u>		<u>1,321,415</u>	
CREDITORS					
Amounts falling due within one year	10	1,317,429		1,123,258	
			<u>237,190</u>		<u>198,157</u>
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>257,022</u>		<u>218,446</u>
PROVISIONS FOR LIABILITIES AND CHARGES					
	12		36,128		60,000
			<u>£220,894</u>		<u>£158,446</u>
CAPITAL AND RESERVES					
Called up share capital	13		10,000		10,000
Profit and loss account	14		210,894		148,446
			<u>£220,894</u>		<u>£158,446</u>
SHAREHOLDERS' FUNDS					
	16		<u>£220,894</u>		<u>£158,446</u>

ON BEHALF OF THE BOARD:



- DIRECTOR



- DIRECTOR

Approved by the Board on 4. 6. 03

The notes form part of these financial statements

BIB (DARLINGTON) LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2002**

	Notes	2002 £	2001 £
Net cash inflow from operating activities	1	183,084	234,146
Returns on investments and servicing of finance	2	22,930	17,919
Taxation		(31,348)	(5,640)
Capital expenditure and financial investment	2	(3,392)	(2,734)
Equity dividends paid		(100,000)	(108,000)
Increase in cash in the period		<u>£71,274</u>	<u>£135,691</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		<u>71,274</u>	<u>135,691</u>
Change in net funds resulting from cash flows		<u>71,274</u>	<u>135,691</u>
Movement in net funds in the period		<u>71,274</u>	<u>135,691</u>
Net funds at 1 November		<u>471,781</u>	<u>336,090</u>
Net funds at 31 October		<u>£543,055</u>	<u>£471,781</u>

The notes form part of these financial statements

BIB (DARLINGTON) LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2002**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	204,547	105,519
Depreciation charges	6,771	5,866
Profit on disposal of fixed assets	(2,922)	-
Decrease in provisions	(23,872)	(20,000)
Increase in debtors	(161,930)	(32,946)
Increase in creditors	160,490	175,707
Net cash inflow from operating activities	<u>183,084</u>	<u>234,146</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	22,884	17,919
Dividends received	46	-
Net cash inflow for returns on investments and servicing of finance	<u>22,930</u>	<u>17,919</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(4,280)	(2,734)
Purchase of fixed asset investments	(2,034)	-
Sale of fixed asset investments	2,922	-
Net cash outflow for capital expenditure and financial investment	<u>(3,392)</u>	<u>(2,734)</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.11.01 £	Cash flow £	At 31.10.02 £
Net cash:			
Cash at bank	471,781	71,274	543,055
	<u>471,781</u>	<u>71,274</u>	<u>543,055</u>
Total	<u>471,781</u>	<u>71,274</u>	<u>543,055</u>

The notes form part of these financial statements

BIB (DARLINGTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents commissions receivable in respect of policies incepted during the financial year. Provisions are made for clawbacks of commissions earned on an indemnity basis.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 1997, has been written off over its estimated useful life of three years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office equipment - at varying rates on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Investments

Investments are stated at cost less any provision for permanent diminution in value.

2. STAFF COSTS

	2002	2001
	£	£
Wages and salaries	613,580	599,651
Social security costs	52,392	50,970
Other pension costs	44,591	56,421
	<u>710,563</u>	<u>707,042</u>

The average monthly number of employees during the year was as follows:

	2002	2001
Management	4	5
Administration	41	39
	<u>45</u>	<u>44</u>

BIB (DARLINGTON) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2002****3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2002	2001
	£	£
Other operating leases	85,426	104,556
Depreciation - owned assets	6,771	5,866
Profit on disposal of fixed assets	(2,922)	-
Auditors remuneration	4,700	4,113
	<u>110,053</u>	<u>119,756</u>
Directors' emoluments	110,053	119,756
Directors' pension contributions to money purchase schemes	14,000	15,484
	<u>14,000</u>	<u>15,484</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>3</u>
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4. TAXATION**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2002	2001
	£	£
Current tax:		
UK corporation tax	64,286	30,605
Underprovision in prior year	743	-
Total current tax	<u>65,029</u>	<u>30,605</u>
Tax on profit on ordinary activities	<u>65,029</u>	<u>30,605</u>

5. DIVIDENDS

	2002	2001
	£	£
Equity shares:		
Interim	<u>100,000</u>	<u>108,000</u>

BIB (DARLINGTON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2002**

6. INTANGIBLE FIXED ASSETS	Goodwill
	£
COST:	
At 1 November 2001	
and 31 October 2002	<u>24,672</u>
AMORTISATION:	
At 1 November 2001	
and 31 October 2002	<u>24,672</u>
NET BOOK VALUE:	
At 31 October 2002	<u><u>-</u></u>
<i>At 31 October 2001</i>	<u><u>-</u></u>
7. TANGIBLE FIXED ASSETS	Office
	equipment
	£
COST:	
At 1 November 2001	184,191
Additions	4,280
	<u>188,471</u>
At 31 October 2002	<u>188,471</u>
DEPRECIATION:	
At 1 November 2001	165,210
Charge for year	6,771
	<u>171,981</u>
At 31 October 2002	<u>171,981</u>
NET BOOK VALUE:	
At 31 October 2002	<u><u>16,490</u></u>
<i>At 31 October 2001</i>	<u><u>18,981</u></u>
8. FIXED ASSET INVESTMENTS	Unlisted
	investments
	£
COST:	
At 1 November 2001	1,308
Addition	2,034
	<u>3,342</u>
At 31 October 2002	<u>3,342</u>
NET BOOK VALUE:	
At 31 October 2002	<u><u>3,342</u></u>
<i>At 31 October 2001</i>	<u><u>1,308</u></u>

BIB (DARLINGTON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2002**

9. DEBTORS

	2002 £	2001 £
Amounts falling due within one year:		
Trade debtors	681,157	588,890
Amounts owed by participating interests	175,961	240,393
Other debtors	-	750
Prepayments and accrued income	47,699	19,601
	<u>904,817</u>	<u>849,634</u>
Amounts falling due after more than one year:		
Amounts owed by participating interests	<u>106,747</u>	<u>-</u>
Aggregate amounts	<u>1,011,564</u>	<u>849,634</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade creditors - insurance	1,162,918	991,740
Trade creditors - expenses	11,332	20,172
Taxation	64,286	30,605
Social security and other taxes	19,866	27,650
Accrued expenses	59,027	53,091
	<u>1,317,429</u>	<u>1,123,258</u>

11. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

	Operating leases	
	2002 £	2001 £
Expiring:		
Within one year	30,171	15,366
Between one and five years	17,892	53,862
	<u>48,063</u>	<u>69,228</u>

12. PROVISION FOR LIABILITIES AND CHARGES

	2002 £	2001 £
Compensation provision	<u>36,128</u>	<u>60,000</u>

BIB (DARLINGTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2002

13. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2002 £	2001 £
10,000	Ordinary shares	£1	<u>10,000</u>	<u>10,000</u>

14. RESERVES

	Profit and loss account £
At 1 November 2001	148,446
Retained profit for the year	<u>62,448</u>
At 31 October 2002	<u>210,894</u>

15. RELATED PARTY DISCLOSURES

The company trades on a regular basis with BIB Underwriters Limited on an insurance broker/underwriter relationship, at arms length. The balance due to BIB Underwriters Limited, included in insurance creditors, at 31 October 2002 was £125,719 (2001: £131,055). The company also rents part of the premises owned by BIB Underwriters Limited, the rental charge in the year being £27,000. There was also a loan outstanding from BIB Underwriters Limited at 31 October 2002 of £175,961 (2001: £240,393). BIB Underwriters Limited is controlled by M P Littleton and P Atkinson, directors of the company. There is a loan of £106,747 due from BIB (2002) Limited, a company controlled by M P Littleton and P Atkinson. During the year, consultancy fees of £17,000 were paid to A J Simpson, a director of this company.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	162,448	92,833
Dividends	<u>(100,000)</u>	<u>(108,000)</u>
Net addition/(reduction) to shareholders' funds	62,448	(15,167)
Opening shareholders' funds	<u>158,446</u>	<u>173,613</u>
Closing shareholders' funds	<u>220,894</u>	<u>158,446</u>
Equity interests	<u>220,894</u>	<u>158,446</u>