

WALMSLEYS INSURANCE BROKERS LIMITED

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2003



Registered Number: 297801 England

WALMSLEYS INSURANCE BROKERS LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2003

DIRECTORS:

P J E Smith
P J Halpin
A M Hazeldine

SECRETARY:

S Hargreaves

REGISTERED OFFICE:

Swinton House
6 Great Marlborough
Manchester
M1 5SW

REGISTERED NUMBER:

297801 (England and Wales)

AUDITORS:

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

BANKERS:

HSBC Bank plc
City of London Corporate Office
PO Box 125
8 Canada Square
London
E14 5XL

WALMSLEYS INSURANCE BROKERS LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report with the financial statements of the Company for the year ended 31 December 2003.

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

The principal activity of the Company was to operate as insurance brokers.

On the 30 June 2003, the trade and assets were transferred to Swinton Group Limited and the Company became dormant. Further details of this transaction can be found in note 5.

RESULTS AND DIVIDENDS

The results for the period are set out in the profit and loss account on page 4 and are considered to be satisfactory.

The total distribution of dividends for the year ended 31 December 2003 will be £2,447,343 (2002 - £37,500).

DIRECTORS

The directors during the year were:

P J E Smith	
P J Halpin	
P R Williams	(resigned 14 January 2004)
M P Whittle	(resigned 1 March 2004)
P W Gee	(resigned 14 January 2004)
J Denham	(resigned 14 January 2004)
M Bellamy	(resigned 1 March 2004)
A M Hazeldine	(appointed 1 April 2003)

P J E Smith has been assigned rights to 13,829,340 shares in Swinton (Holdings) Limited, another group company. Details of these rights can be found in the accounts of Swinton (Holdings) Limited.

P J E Smith also holds through his interests in Webbshare Limited, 50,400 Ordinary 'A' Shares (16.8% of the Ordinary Share Capital) in Its4me plc, a subsidiary of MMA Holdings (UK) plc.

DISABLED EMPLOYEES

Disabled persons, when they apply for jobs, are offered equal opportunity and, if appointed, they are provided with training, career progression and promotion within the scope of their aptitude and abilities. Training or re-training is also provided, wherever possible, for employees who become disabled during their employment by the Company.

WALMSLEYS INSURANCE BROKERS LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2003

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 to 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

As the company is now dormant, an elective resolution will be put to the Annual General Meeting proposing that the company dispenses with the annual appointment of auditors and laying of its accounts at general meeting.

On behalf of the Board



S Hargreaves
Secretary

4 August 2004

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WALMSLEYS INSURANCE BROKERS LIMITED**

We have audited the Company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Note of Historical Cost Profits and Losses, Balance Sheet and the related notes 1 to 19. These financial statements have been prepared on the basis of 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 in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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.

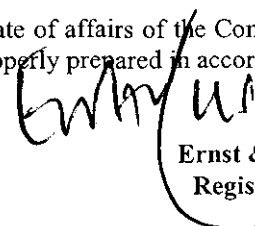
Basis of Audit opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company 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.


Ernst & Young LLP
Registered Auditor
Manchester

4 August 2004

WALMSLEYS INSURANCE BROKERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2003

ALL DISCONTINUED OPERATIONS

	Notes	2003 £'000	2002 £'000
TURNOVER	1	1,091	2,247
Administrative expenses		(828)	(2,027)
		<hr/>	<hr/>
OPERATING PROFIT	2	263	220
Profit on transfer of trade	5	1,770	-
Profit on disposal of fixed assets		-	80
Income from investments		-	2
Interest receivable and similar income		9	31
		<hr/>	<hr/>
		2,042	333
Interest payable	4	(2)	(5)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,040	328
Tax on profit on ordinary activities	6	(1)	(141)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		2,039	187
Dividends	7	(2,447)	(38)
		<hr/>	<hr/>
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	16	(408)	149
		<hr/>	<hr/>

The Company has no recognised gains or losses other than the profit for the period.

A statement of the movement on reserves can be found in notes 16 and 17.

WALMSLEYS INSURANCE BROKERS LIMITED
NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2003

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	2,040	327
Realisation of property revaluation gains of previous years	-	62
	<hr/>	<hr/>
Historical cost profit before taxation	2,040	389
	<hr/>	<hr/>
Historical cost profit for the year after taxation and dividends	2,039	211
	<hr/>	<hr/>

WALMSLEYS INSURANCE BROKERS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2003

	Notes	2003 £'000	2002 £'000
FIXED ASSETS			
Tangible assets	8	-	136
Investments	9	-	3
		<hr/>	<hr/>
		-	139
CURRENT ASSETS			
Debtors	10	-	843
Amounts owed by group undertaking due after more than one year		2,379	503
Cash at bank and in hand		-	669
		<hr/>	<hr/>
		2,379	2,015
CREDITORS: Amounts falling due within one year	11	-	(1,656)
		<hr/>	<hr/>
NET CURRENT ASSETS		2,379	359
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,379	498
CREDITORS: Amounts falling due after more than one year	12	(2,377)	(19)
PROVISIONS FOR LIABILITIES AND CHARGES	14	-	(69)
		<hr/>	<hr/>
		2	410
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	15	2	2
Profit and loss account	16	-	408
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	17	2	410
		<hr/>	<hr/>

The financial statements on pages 4 to 17 were approved by the board on 4 August 2004 and signed on their behalf by



P J HALPIN – DIRECTOR

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES

Basis of Preparation

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

During the year the trade of the Company was transferred to Swinton Group Limited and the Company ceased to trade.

Turnover

Turnover represents insurance commissions and fees receivable less rebates from the sale of insurance policies in the UK.

Commission and fees are recognised in the profit and loss account on the date of the transaction.

Tangible fixed assets

Depreciation is provided so as to write off the cost of tangible fixed assets over their expected useful economic lives, which are estimated to be:

Equipment, furniture and vehicles - 3 – 5 years

Hire purchase and operating lease rentals

Assets obtained under hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful lives.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Operating lease rentals are charged to the profit and loss account in the year in which they are incurred.

Pension Costs

The Company operated a defined contribution pension scheme. The assets of the scheme were held separately from those of the Company in an independently administered fund. The charge to the profit and loss account comprises the total contributions payable to the scheme in the financial year.

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES (continued)

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, 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 the underlying timing difference will reverse and that there will be suitable taxable profits from which the future reversal can be deducted.

Cash Flows

The Company's ultimate parent undertaking is La Mutuelle du Mans Assurances IARD (which is registered in France) and its cash flows are included in the consolidated cash flow statement of that company. Consequently the Company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement.

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

2. OPERATING PROFIT

The operating profit is stated after charging:

	2003	2002
	£'000	£'000
Hire of plant and machinery	30	52
Depreciation – owned assets	10	134
Depreciation – assets on hire purchase contracts	23	27
Auditors remuneration	-	5
	<hr/>	<hr/>

Auditors remuneration in the year was borne by another group undertaking.

Non audit fees paid to auditors in the year were £Nil (2002: £Nil)

3. DIRECTORS AND EMPLOYEE INFORMATION

	2003	2002
	£'000	£'000
Wages and salaries	512	1,221
Social security costs	45	110
Other pension costs	19	165
	<hr/>	<hr/>
	576	1,496
	<hr/>	<hr/>

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

	No.	No.
Administration	64	71
	<hr/>	<hr/>

	£'000	£'000
Directors' remuneration:		
Emoluments	158	376
Pension contributions to money purchase schemes	8	120
	<hr/>	<hr/>

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

	No.	No.
Money purchase schemes	-	1
	<hr/>	<hr/>

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

3. DIRECTORS AND EMPLOYEE INFORMATION (continued)

Information regarding the highest paid director is as follows:

	2003	2002
	£'000	£'000
Emoluments	44	89
Company contributions paid to money purchase pension scheme	3	-

4. INTEREST PAYABLE

	2003	2002
	£'000	£
Bank interest	-	1
On hire purchase contracts	2	4
	2	5

5. PROFIT ON TRANSFER OF TRADE

On 30 June 2003, the trade and assets were transferred to Swinton Group Limited. As a result, net liabilities of £95,038 were transferred for total consideration of £1,675,292 giving rise to a profit on the transfer of trade of £1,770,000.

6. TAXATION

(a) The tax charge is made up as follows:

	2003	2002
	£'000	£'000
Corporation tax:		
Current year	-	134
Adjustments in respect of previous periods	1	(1)
Total corporation tax	1	133
Deferred tax: Accelerated capital allowances	-	8
Tax on profit on ordinary activities	1	141

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

6. TAXATION (continued)

	2003	2002
	£'000	£'000
(b) Factors affecting tax charge for the period:		
Profit on ordinary activities before tax	2,040	328
Profit on ordinary activities multiplied by standard rate in the UK of 30% (2002 – 30%)	612	98
Items not deductible for tax purposes		
- Profit on transfer of trade	(531)	-
- Other	1	5
Depreciation for period in excess of capital allowances	5	45
Group relief claimed	(87)	(1)
Utilisation of tax losses	-	(6)
Adjustments to tax charge in respect of previous periods	1	(1)
Marginal relief	-	(7)
Total corporation tax (a)	1	133

7. DIVIDENDS

	2003	2002
	£'000	£'000
Equity shares:		
Ordinary - proposed	-	38
- paid	2,447	-

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

8. TANGIBLE FIXED ASSETS

	Equipment Furniture & Vehicles £'000	Total £'000
COST OR VALUATION		
At 1 January 2003	572	572
Additions	4	4
Disposals	-	-
Transfers	(576)	(576)
	<hr/>	<hr/>
At 31 December 2003	-	-
	<hr/>	<hr/>
DEPRECIATION		
At 1 January 2003	436	436
Charge for the year	33	33
Disposals	-	-
Transfers	(469)	(469)
	<hr/>	<hr/>
At 31 December 2003	-	-
	<hr/>	<hr/>
NET BOOK VALUE		
At 31 December 2003	-	-
	<hr/>	<hr/>
At 31 December 2002	136	136
	<hr/>	<hr/>

The net book value of tangible fixed assets includes £Nil (2002 - £82,000) in respect of assets held under hire purchase contracts.

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

9. FIXED ASSET INVESTMENTS

	2003	2002
	£'000	£'000
At cost		
At 1 January 2003	3	24
Disposals	-	(21)
Transfers	(3)	-
	<hr/>	<hr/>
At 31 December 2003	-	3
	<hr/>	<hr/>

	2003	2002
	£'000	£'000
Unlisted investments	-	3
	<hr/>	<hr/>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
	£'000	£'000
Trade debtors	-	706
Other debtors	-	112
Prepayments	-	25
	<hr/>	<hr/>
	-	843
	<hr/>	<hr/>

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

**11. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

	Note	2003 £'000	2002 £'000
Hire purchase contracts	13	-	33
Trade creditors		-	1,238
Other creditors		-	42
Social security & other taxes		-	86
Corporation tax		-	133
Accrued expenses		-	124
		<hr/>	<hr/>
		-	1,656
		<hr/>	<hr/>

**12. CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR**

	Note	2003 £'000	2002 £'000
Hire purchase contracts	13	-	19
Amounts owed to group undertakings		2,377	-
		<hr/>	<hr/>
		2,377	19
		<hr/>	<hr/>

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire Purchase Contracts	
	2003	2002
	£'000	£'000
Gross obligations repayable:		
Within one year	-	36
Between one and five years	-	20
	<hr/>	<hr/>
	-	56
	<hr/>	<hr/>
Finance charges repayable:		
Within one year	-	3
Between one and five years	-	1
	<hr/>	<hr/>
	-	4
	<hr/>	<hr/>
Net obligations repayable:		
Within one year	-	33
Between one and five years	-	19
	<hr/>	<hr/>
	-	52
	<hr/>	<hr/>

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

	Land and Buildings Operating Leases	
	2003	2002
	£'000	£'000
Expiring:		
In more than five years	-	53
	<hr/>	<hr/>

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

14. PROVISIONS FOR LIABILITIES AND CHARGES

	2003	2002
	£'000	£'000
Commission - The Independent Insurance Company Ltd	-	41
Deferred tax	-	28
	<hr/>	<hr/>
	-	69
	<hr/>	<hr/>

	2003	2002
	£'000	£'000
Deferred tax		
Balance at 1 January 2003	28	21
Charge to profit and loss	-	7
Transfer	(28)	-
	<hr/>	<hr/>
Balance at 31 December 2003	-	28
	<hr/>	<hr/>

The balance at 31 December 2002 related to accelerated capital allowances.

15. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal Value	2003	2002
			£	£
1,500	Ordinary	£1	1,500	1,500
			<hr/>	<hr/>

WALMSLEYS INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

16. PROFIT AND LOSS ACCOUNT

	2003	2002
	£'000	£'000
At 1 January 2003	408	197
(Loss)/Profit for the financial year	(408)	149
Transfer from revaluation reserve (note 16)	-	62
	<hr/>	<hr/>
At 31 December 2003	-	408
	<hr/>	<hr/>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£'000	£'000
Profit for the financial year	2,039	187
Dividends	(2,447)	(38)
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(408)	149
Opening shareholders' funds	410	261
	<hr/>	<hr/>
Closing shareholders' funds	2	410
	<hr/>	<hr/>

18. RELATED PARTY TRANSACTIONS

The company has applied the provisions of Financial Reporting Standard 8 ("Related Party Transactions") and taken the exemption allowed by the Standard from disclosing transactions with entities in the La Mutuelle du Mans Assurances IARD Group.

19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate parent company is Walmsley Williams Limited.

In the directors' opinion, the Company's ultimate parent company, controlling party and largest undertaking which produces consolidated accounts (which include the Company) is La Mutuelle du Mans Assurances IARD ["MMA IARD"] which is registered in France. Copies of its group accounts can be obtained from MMA Insurance plc, Norman Place, Reading RG1 8DA.

The smallest undertaking in the group which produces consolidated accounts (which include the Company) is Swinton (Holdings) Limited which is registered in England & Wales. A copy of its accounts can be obtained from the Company's registered office.