SWINTON GROUP LIMITED

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

Registered Number: 756681 England

SWINTON GROUP LIMITED

DIRECTORS:	P J E Smith P J Halpin A M Hazeldine A E Jackson J Ordish
SECRETARY:	S A Hargreaves
REGISTERED OFFICE:	6 Gt. Marlborough Street Manchester M1 5SW
REGISTERED 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
REGISTERED NUMBER:	756681 England

SWINTON GROUP LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements of the Company for the year ended 31 December 2004.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the Company continued to be that of operating as an insurance intermediary.

The results for 2004 reflect continued growth in the company's business. This growth has been achieved both organically, through the introduction of new products and initiatives, and also through the company's ongoing acquisition programme. The outlook for 2005 is positive with further improvements in performance expected.

RESULTS AND DIVIDEND

The results for the year are set out in the profit and loss account on page 5.

The directors recommend the payment of a dividend of £10,000,000 (2003 - £nil).

FIXED ASSETS

The changes in fixed assets during the year are shown in notes 8 to 10 on pages 14, 15 and 16 to the financial statements.

SUPPLIER PAYMENT POLICY

The Company applies standard terms and conditions to the majority of its trade creditors in the UK. This includes the agreement of payment terms when it enters into contracts for the purchase of goods and services and the Company seeks to abide by those terms when it is satisfied that the supplier has provided the goods or services in accordance with those terms and conditions. For other suppliers, specific terms and conditions are agreed before contracts are entered into.

At the year end trade creditors did not exceed the payment terms, which are typically 30 days.

SWINTON GROUP LIMITED

REPORT OF THE DIRECTORS

DIRECTORS

The members of the board during the year were:

P J Halpin
A M Hazeldine
A E Jackson
J Ordish
P J E Smith

No director had any interests in the shares or debentures of the Company.

P J E Smith, A E Jackson and J Ordish have acquired shares in Swinton (Holdings) Limited, another group company. Details of these shares can be found in the accounts of Swinton (Holdings) Limited. The shares issued to these three directors as at 1 January 2004 and 31 December 2004 are as follows:

Director	Number of shares
A E Jackson	3,918,313
J Ordish	3,918,313
P J E Smith	13,829,340

P J E Smith also holds through his interests in Webbshare Limited, 49,356 Ordinary 'A' Shares (16.5% 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.

EMPLOYEE PARTICIPATION

The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and takes steps to keep them informed of the factors affecting the performance of the Company. A monthly briefing process exists to ensure effective internal communications and to provide a vehicle for employees' feedback and contributions.

REPORT OF THE DIRECTORS

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

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

S A HARGREAVES
Secretary
9 March 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

SWINTON GROUP LIMITED

We have audited the Company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Note of Historical Cost Profits and Losses and the related notes 1 to 26. 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 2004 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
9 March 2005

SWINTON GROUP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £'000	2003 £'000
TURNOVER	2	110,180	94,239
Administrative expenses		(87,906)	(79,957)
OPERATING PROFIT	3	22,274	14,282
Profit on disposal of fixed assets		206	249
		22,480	14,531
Intra-group dividend received		-	2,378
Write down of investment in subsidiary		-	(2,108)
Interest receivable	5	80	62
Interest payable	6	(728)	(721)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		21,832	14,142
Tax on profit on ordinary activities	7	(6,732)	(4,338)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION	19	15,100	9,804
Dividends		(10,000)	-
PROFIT RETAINED FOR THE FINANCIAL YEAR		5,100	9,804

A statement of the movement on reserves can be found in notes 18 to 20.

All results relate to continuing operations.

SWINTON GROUP LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £'000	2003 £'000
Profit for the financial year		15,100	9,804
Unrealised surplus on revaluation of properties	18	283	361
Total recognised gains and losses for the year		15,383	10,165
Prior year adjustment		-	(3,731)
Total gains and losses recognised since last annual report		15,383	6,434

NOTE OF HISTORICAL COST PROFITS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £'000	2003 £'000
Profit on ordinary activities before taxation		21,832	14,142
Realisation of property revaluation gains of previous years	18	5	-
Historical cost profit before taxation		21,837	14,142
Historical cost profit for the year retained after taxation and dividends		5,105	9,804

SWINTON GROUP LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2004

	Note	2004 £'000	2003 £'000
FIXED ASSETS			
Intangible assets	8	17,005	16,708
Tangible assets	9	11,723	10,969
Investments	10	11,797	11,797
		40,525	39,474
CURRENT ASSETS			
Debtors	11	93,943	85,834
Cash at bank and in hand		2,864	93
		96,807	85,927
CREDITORS: Amounts falling due within one year	12	(77,220)	(66,163)
NET CURRENT ASSETS		19,587	19,764
TOTAL ASSETS LESS CURRENT LIABILITIES		60,112	59,238
CREDITORS: Amounts falling due after more than one year	13	(32,213)	(51,358)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(394)	(886)
		27,505	6,994
CAPITAL AND RESERVES			
Called up share capital	17	15,128	-
Revaluation reserve	18	639	361
Profit and loss account	19	11,738	6,633
EQUITY SHAREHOLDERS' FUNDS	20	27,505	6,994

The financial statements on pages 5 to 21 were approved by the board on 9 March 2005 and signed on their behalf by:

P J HALPIN – DIRECTOR **P J E SMITH – DIRECTOR**

1. STATEMENT OF ACCOUNTING POLICIES

A summary of the principal accounting policies is set out below.

Basis of Preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with applicable accounting standards.

Goodwill

Goodwill, being the difference between the fair value of the assets acquired and the purchase consideration, is capitalised and amortised on a straight line basis over the useful life, estimated for each acquisition by the directors in the range between 5 and 10 years. It is reviewed for impairment at the end of the first full year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill acquired prior to 1 January 1998 has been taken directly to reserves. The profit or loss on the disposal or termination of a business acquired prior to this date includes goodwill previously taken directly to reserves.

Fixed Assets

(a) Valuation

Interests in freehold and long leasehold properties are stated at valuation. All freehold and long leasehold properties are valued by independent professionally qualified valuers at least once every three years, with valuations in the intervening years being performed by the Company's qualified surveyors. The basis of valuation is open market value or, for those properties occupied by the Group, open market value for existing use. Surpluses or deficits arising on valuation are taken direct to the revaluation reserve. Where there is a material diminution in value of a freehold or long leasehold property, as a result of consumption of economic benefit, such a diminution is recognised in the profit and loss account in the year in which it occurs or is first perceived.

(b) Depreciation

Freehold and long leasehold properties, the majority of which are operated as retail outlets within the Company, are maintained to a high standard. As a result, the directors are of the opinion that the residual values, estimated at the date of acquisition or subsequent valuation, are such that depreciation is not significant. Accordingly, freehold and long leasehold properties are not depreciated. Annual impairment reviews are performed on these assets.

The costs of maintenance and repair of freehold and long leasehold property are charged through the profit and loss account as they arise. Improvements to these properties are capitalised and written off over their estimated useful life.

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

Short leasehold property	-	The period of the lease
Equipment, furniture and vehicles	-	3 – 5 years

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(c) Disposals of Freehold and Long Leasehold Property

The difference between net proceeds and net carrying amount is dealt with through the profit and loss account. Any amount in the revaluation reserve relating to the property is transferred to the profit and loss reserve.

Fixed Asset Investments

Fixed asset investments are valued at cost less any provision for impairment.

Operating Lease Rentals

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

Vacant Property Expenses

The Company provides for future costs associated with properties which it has ceased to use and is unlikely to re-occupy. The provision encompasses all net rent and other outgoings based on an estimate of the length of time properties will continue to be vacant.

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.

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.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Pension Costs

The Company operates a defined contribution scheme, which is a stakeholder scheme, covering the majority of its employees. The scheme is non-contributory and the funds are administered independently of the Company's finances. The charge to the profit and loss account comprises the total contributions payable to the scheme in the financial year.

Capital Instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

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.

Group Accounts

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare consolidated accounts. These financial statements present information about the Company as an individual undertaking and not about its Group.

2. TURNOVER

Turnover on ordinary activities represents:

Insurance commissions and fees receivable from the sale of insurance policies in the UK.

Net property rents receivable.

Commission and associated fees, less an appropriate provision for anticipated future rebates, are recognised in the profit and loss account at the date of transaction. Fees charged for the provision of credit to customers are recognised in the profit and loss account on a reducing balance basis over the credit period.

The level of third party rents receivable is insignificant in the context of Company turnover and therefore, in the opinion of the directors, a segmental analysis would not assist the users of the financial statements.

3. OPERATING PROFIT

	2004 £'000	2003 £'000
Operating profit is stated after charging:		
Amortisation of goodwill	4,175	3,035
Depreciation	3,251	3,082
Auditors' remuneration	90	91
Operating lease rentals:		
- Land & buildings	3,244	3,027
- Motor vehicles	918	873
and after crediting:		
Rents receivable	136	142

Remuneration of the Company's auditors for the provision of non-audit services to the Company was £143,000 (2003 - £72,000).

4. DIRECTORS AND EMPLOYEE INFORMATION

	2004 £'000	2003 £'000
Directors' remuneration:		
Emoluments	1,458	1,620
Company contributions paid to money purchase pension schemes	44	45
	1,502	1,665

Included in emoluments is £nil (2003 £1,300) which was payable to Webbshare Limited for the services of P J E Smith as an executive director during the year.

	2004 No.	2003 No.
Members of money purchase pension schemes	3	4

4. DIRECTORS AND EMPLOYEE INFORMATION (continued)

The amounts in respect of the highest paid director are as follows:

	2004 £'000	2003 £'000
Emoluments	624	738
Company contributions paid to money purchase pension schemes	15	14

	2004 £'000	2003 £'000
Staff costs comprise:		
Wages and salaries	38,112	34,090
Social security costs	3,566	3,029
Other pension costs	829	874
	42,507	37,993

Staff cost for 2003 have been amended in order to be comparable with elements of remuneration included in the current year's figure.

	2004 No.	2003 No.
The average monthly number of employees during the year was:		
Branch network	2,024	1,753
Head office	240	228
	2,264	1,981

5. INTEREST RECEIVABLE

	2004 £'000	2003 £'000
Other interest receivable	80	62

6. INTEREST PAYABLE

	2004 £'000	2003 £'000
Bank loans	578	720
Interest to group undertakings	138	-
Other interest payable	12	1
	728	721

7. TAXATION

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

	2004 £'000	2003 £'000
Current tax:		
UK corporation tax	6,894	2,643
Adjustments in respect of previous periods	(162)	123
Total current tax	6,732	2,766
Deferred tax:		
Short term timing differences	-	-
Accelerated capital allowances	-	(28)
Prior year adjustment	-	1,600
Total deferred tax	-	1,572
Tax on profit on ordinary activities	6,732	4,338

(b) Factors affecting tax charge for the period:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	21,832	14,142
Profit on ordinary activities multiplied by standard tax rate in the UK of 30% (2003 – 30%)	6,550	4,243
Expenses not deductible for tax purposes		
- intra-group dividend from subsidiary	-	(713)
- write down of investment in subsidiary	-	633
- other (including goodwill amortisation)	855	763
Capital allowances for period in excess of depreciation	(161)	(297)
Group relief claimed	(283)	(244)
Utilisation of tax losses	(20)	(85)
Adjustments to tax charge in respect of previous periods	(162)	123
Movement on other deferred tax not provided	(47)	(57)
Tax effect of prior year adjustment	-	(1,600)
Total current tax (a)	6,732	2,766

(c) Factors that may affect future tax charges

In accordance with accounting standards, the deferred tax asset on accelerated capital allowances and short term timing differences has not been accounted for in the financial statements as they are not expected to reverse in the foreseeable future.

7. TAXATION (continued)

(c) Factors that may affect future tax charges (continued)

Deferred taxation has not been provided in respect of any liability to taxation that may arise on the sale of land and buildings at their valuation as, at the balance sheet date, there is no binding agreement to dispose of the assets.

(d) Deferred tax

	UNRECOGNISED ASSET	
	2004	**2003**
	£'000	**£'000**
Deferred taxation represents:		
Capital allowances	2,086	2,389
Short term timing differences	74	123
	2,160	2,512

8. INTANGIBLE FIXED ASSETS

	Purchased Goodwill £'000
Cost	
At 1 January 2004	22,246
Additions	5,189
Disposals	(843)
At 31 December 2004	26,592
Amortisation	
At 1 January 2004	5,538
Charge for the year	4,175
Disposals	(126)
At 31 December 2004	9,587
Net book value	
At 31 December 2004	17,005
At 1 January 2004	16,708

9. TANGIBLE FIXED ASSETS

	Freehold Property £'000	Long Leasehold Property £'000	Short Leasehold Property £'000	Equipment Furniture & Vehicles £'000	Total £'000
Cost or valuation					
At 1 January 2004	2,712	580	389	20,720	24,401
Additions	-	-	5	3,815	3,820
Disposals	(40)	-	-	(133)	(173)
Written off	-	-	-	(1,391)	(1,391)
Revaluation	326	(43)	-	-	283
At 31 December 2004	2,998	537	394	23,011	26,940
At valuation	2,998	537	-	-	3,535
At cost	-	-	394	23,011	23,405
	2,998	537	394	23,011	26,940
Depreciation					
At 1 January 2004	-	-	369	13,063	13,432
Charge for the year	-	-	2	3,249	3,251
Disposals	-	-	-	(76)	(76)
Written off	-	-	-	(1,390)	(1,390)
At 31 December 2004	-	-	371	14,846	15,217
Net book value					
At 31 December 2004	2,998	537	23	8,165	11,723
At 1 January 2004	2,712	580	20	7,657	10,969

Freehold and long leasehold properties to the value of £3,535,000 (2003: £988,000) were valued at 31 December 2004 (31 December 2003) by Weatherall Green & Smith North Ltd trading as Sanderson Weatherall, Chartered Surveyors and Property Consultants (2003: Insignia Richard Ellis, Property Agents, Surveyors and Valuers), at an open market value on the basis of existing use where occupied by the Group, and at an open market value, where otherwise occupied, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The remaining properties in 2003 were valued by internal qualified Chartered Surveyors on the same basis.

The historical cost of freehold and long leasehold property at 31 December 2004 amounted to £ 2,895,500 (2003 - £2,931,000).

The net book value of tangible fixed assets includes £nil (2003 - £52,500) in respect of assets held under hire purchase contracts.

10. FIXED ASSET INVESTMENTS

	Shares in Subsidiary Companies £'000	Unlisted Investment £'000	Total £'000
At 1 January 2004 and 31 December 2004	11,794	3	11,797

11. DEBTORS

	2004 £'000	2003 £'000
Insurance debtors	82,415	70,915
Amounts owed by group undertakings due after one year	821	483
Amounts owed by intermediate parent company due after one year	2,014	7,194
Amounts owed by subsidiary undertakings due after one year	2,378	2,378
Other debtors	1,475	424
Prepayments and accrued income	4,840	4,440
	93,943	85,834

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £'000	2003 £'000
Bank loans and overdrafts (note 13)	15,727	12,285
Trade creditors	290	1,364
Insurance creditors	42,760	38,756
Corporation tax	3,738	1,031
Other creditors including taxation and social security	1,457	1,847
Accruals and deferred income	13,248	10,861
Obligations under hire purchase contracts (note 15)	-	19
	77,220	66,163

Included in insurance creditors is £6,376,000 due to fellow subsidiary undertakings (2003 - £2,721,000).

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £'000	2003 £'000
Bank loan (wholly repayable within 5 years – note 14)	7,904	13,235
Less: Included within creditors due within one year (note 12)	(2,617)	(2,582)
Amounts owed to intermediate parent company	-	15,128
Amounts owed to group undertakings	26,926	25,577
	32,213	51,358

14. LOANS

	2004 £'000	2003 £'000
Amounts falling due:		
In one year or less	2,700	2,700
In more than one year but not more than two years	2,700	2,700
In more than two years but not more than five years	2,650	8,100
	8,050	13,500
Less issue costs	(146)	(265)
	7,904	13,235

Loans include £1,250,000 (2003: £4,000,000) of borrowings repayable within one year, which are drawings under long-term committed facilities and have therefore been classified as such.

Loans are secured by fixed and floating charges over the assets of the Company.

15. OBLIATION UNDER HIRE PURCHASE CONTRACTS

	2004 £'000	2003 £'000
Gross obligations repayable:		
Within one year	-	20
Between one and five years	-	-
	-	20
Finance charges repayable:		
Within one year	-	1
Between one and five years	-	-
	-	1
Net obligations repayable:		
Within one year	-	19
Between one and five years	-	-
	-	19

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Restructuring Provision £'000	Other Provisions £'000	Total £'000
At 1 January 2004	601	285	886
(Release)/charge to profit and loss account	(97)	183	86
Utilised during the year	(322)	(256)	(578)
At 31 December 2004	182	212	394

Included within the restructuring provision are amounts relating to the costs associated with vacant property provisions.

17. SHARE CAPITAL

	2004 £'000	2004 No. '000	2003 £'000	2003 No. '000
Authorised, issued and fully paid				
Ordinary shares of £1 each	15,128	15,128	-	-

On 27 April 2004, the Company increased its authorised share capital to allow for the issue at par on the same date of 15,128,153 ordinary shares of £1 each to Swinton (Holdings) Limited. This issue was in consideration for the settlement of the amount of £15,128,153 owing to Swinton (Holdings) Limited.

18. REVALUATION RESERVE

	£'000
At 1 January 2004	361
Increase in property valuation (note 9)	283
Revaluation surplus transferred to profit and loss account (note 19)	(5)
At 31 December 2004	639

19. PROFIT AND LOSS ACCOUNT

	£'000
At 1 January 2004	6,633
Profit for the year	15,100
Dividends payable	(10,000)
Transfer from revaluation reserve (note 18)	5
At 31 December 2004	11,738

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004 £'000	2003 £'000
Opening shareholders' funds	6,994	(3,171)
Profit for financial year	15,100	9,804
Movement of revaluation reserve	283	361
Dividends	(10,000)	-
Capitalisation of intra-group loan (note 17)	15,128	-
Closing shareholders' funds	27,505	6,994

21. CAPITAL COMMITMENTS

	2004 £'000	2003 £'000
At the balance sheet date, the Company had capital expenditure commitments as follows:		
Contracted for but not provided in the financial statements	694	510

22. OTHER FINANCIAL COMMITMENTS

The Company has annual commitments under non-cancellable operating leases as follows:

	2004 Land and Buildings £'000	Motor Vehicles £'000	2003 Land and Buildings £'000	Motor Vehicles £'000
Expiring within one year	241	79	296	202
Expiring between 2-5 years	1,270	624	1,133	431
Expiring after more than 5 years	1,374	-	1,325	-
	2,885	703	2,754	633

23. ACQUISITIONS

During the year the Company has acquired a number of unincorporated businesses. The impact of these acquisitions in aggregate gave rise to goodwill of £5,189,000 (2003: £3,717,000).

24. DETAILS OF SUBSIDIARY COMPANIES

All subsidiary undertakings, which are all wholly owned by the Company, are registered in England and Wales and remained dormant throughout the year.

25. 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 MMA IARD Group.

26. ULTIMATE PARENT COMPANY & CONTROLLING PARTY

The Company's immediate parent company is Swinton (Holdings) Limited.

In the directors' opinion, the Company's ultimate parent company, controlling party and largest undertaking which produces consolidated accounts (which include the Company and its subsidiary undertakings) 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 and its subsidiary undertakings) continues to be Swinton (Holdings) Limited which is registered in England & Wales. A copy of its accounts can be obtained from the Company's registered office.