

COLONNADE INSURANCE BROKERS LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2003

Registered Number: 909558 England



COLONNADE INSURANCE BROKERS LIMITED

DIRECTORS: P J E Smith (Chairman)
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 NUMBER: 909558 England

COLONNADE INSURANCE BROKERS LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements of the Company for the year ended 31 December 2003.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company did not trade during the year.

RESULTS AND DIVIDEND

The results for the year are set out in the profit and loss account on page 3.

The directors do not recommend the payment of a dividend (2002 - £nil).

DIRECTORS

The members of the board during the year were:

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

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

P J E Smith, A E Jackson and J Ordish have been assigned rights to shares in Swinton (Holdings) Limited, another group company. Details of these rights can be found in the accounts of Swinton (Holdings) Limited. The shares issued to these three directors are as follows:

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

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 Insurance plc.

COLONNADE INSURANCE BROKERS LIMITED

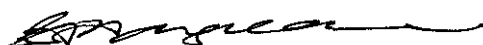
REPORT OF THE DIRECTORS

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.

By Order of the Board



S A HARGREAVES
Secretary

27 April 2004

COLONNADE INSURANCE BROKERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2003

All Discontinued Operations

	Note	2003 £'000	2002 £'000
TURNOVER	1	-	13,126
Administrative expenses		-	(12,069)
		<hr/>	<hr/>
OPERATING PROFIT	2	-	1,057
Profit on transfer of trade		-	6,011
		<hr/>	<hr/>
		-	7,068
Bank interest receivable		-	50
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	7,118
Tax on profit on ordinary activities	4	-	(411)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		-	6,707
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The company has no recognised gains or losses other than the profit for the period. There is no difference between the profit on ordinary activities before taxation and its historical cost equivalent.

A statement of the movement on reserves can be found in note 7.

COLONNADE INSURANCE BROKERS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2003

	Note	2003 £'000	2002 £'000
CURRENT ASSETS			
Amounts owed by group undertaking due after more than one year		11,788	11,788
		<hr/>	<hr/>
		11,788	11,788
		<hr/>	<hr/>
NET ASSETS		11,788	11,788
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	5	18,700	18,700
Profit and loss account	6	(6,912)	(6,912)
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	7	11,788	11,788
		<hr/>	<hr/>

For the year ended 31 December 2003, the Company was entitled to the exemption under Section 249AA(1) of the Companies Act 1985.

No members have required the Company to obtain an audit of its accounts for the year in question in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (i) ensuring the Company keeps accounting records which comply with Section 221 of the Companies Act 1985; and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and its profit and loss for the financial year in accordance with Section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

The financial statements on pages 3 to 9 were approved by the board on 27 April 2004 and signed on their behalf by



P J HALPIN - DIRECTOR

COLONNADE INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

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 and in accordance with applicable accounting standards.

Turnover

Turnover on ordinary activities represents the 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.

Depreciation

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

		% per annum
Freehold & long leasehold land or buildings	-	2½ or over the lease period if shorter
Leasehold improvements	-	4
Equipment (including computers)	-	10 to 33
Motor vehicles	-	25

Operating Lease Rentals

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

COLONNADE INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

1. STATEMENT OF 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.

2. OPERATING PROFIT

	2003 £'000	2002 £'000
Operating profit is stated after charging:		
Depreciation	-	663
Auditors' remuneration	-	1
Operating lease rentals:		
- Land & buildings	-	291
Loss on sale of fixed assets	-	1

Remuneration of the company's auditors for provision of non-audit services to the company was £nil (2002-£nil)

COLONNADE INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

3. DIRECTORS AND EMPLOYEE INFORMATION

	2003	2002
	£'000	£'000
Directors' remuneration:		
Emoluments	-	139

	2003	2002
	No	No
Members of defined benefit pension schemes	-	-

	2003	2002
	£'000	£'000
The amounts in respect of the highest paid director are as follows:		
Emoluments	-	57

	2003	2002
	£'000	£'000
Staff costs comprise:		
Wages and salaries	-	5,430
Social security costs	-	362
Other pension costs	-	574
	-	6,366

COLONNADE INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

4. TAXATION

	2003	2002
	£'000	£'000
(a) Tax on profit on ordinary activities		
The tax charge is made up as follows:		
Corporation tax:		
Current year	-	441
Adjustments in respect of previous periods	-	13
	<hr/>	<hr/>
Total corporation tax	-	454
Deferred tax:		
Short term timing differences	-	(24)
Accelerated capital allowances	-	(19)
	<hr/>	<hr/>
Total deferred tax	-	(43)
	<hr/>	<hr/>
<i>Tax on profit on ordinary activities</i>	-	411
	<hr/>	<hr/>
(b) Factors affecting tax charge for the period:		
Profit on ordinary activities before tax	-	7,118
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate in the UK of 30% (2002 – 30%)	-	2,135
Expenses not deductible for tax purposes	-	7
Profit on transfer of trade to group undertaking not taxable	-	(1,803)
Depreciation for period in excess of capital allowances	-	78
Short term timing differences	-	24
Adjustments to tax charge in respect of previous periods	-	13
	<hr/>	<hr/>
Total corporation tax (a)	-	454
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COLONNADE INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

5. SHARE CAPITAL	2003	2003	2002	2002
	£'000	No.	£'000	No.
		'000		'000
Ordinary shares of £1 each				
Issued and fully paid	18,700	18,700	18,700	18,700
Unissued	1,300	1,300	1,300	1,300
	<hr/>	<hr/>	<hr/>	<hr/>
Authorised	20,000	20,000	20,000	20,000
	<hr/>	<hr/>	<hr/>	<hr/>

6. PROFIT AND LOSS ACCOUNT	£'000
At 1 January 2003 and 31 December 2003	(6,912)
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7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2003	2002
	£'000	£'000
Profit for the financial year	-	6,707
Issue of new share capital	-	11,500
Opening shareholders' funds	11,788	(6,419)
	<hr/>	<hr/>
Closing shareholders' funds	11,788	11,788
	<hr/>	<hr/>

8. ULTIMATE PARENT COMPANY & CONTROLLING PARTY

The Company's immediate parent company is Swinton Group 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) is Swinton (Holdings) Limited which is registered in England & Wales. A copy of its accounts can be obtained from the Company's registered office.

