

**PRIESTLEY & PARTNERS (INSURANCE)
BROKERS LIMITED**

FINANCIAL STATEMENTS

FOR

30 SEPTEMBER 2006



EDWARDS VEEDER LLP
Chartered Accountants & Registered Auditors
Alex House
260/8 Chapel Street
Salford
MANCHESTER
M3 5JZ

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

FINANCIAL STATEMENTS

PERIOD ENDED 30 SEPTEMBER 2006

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PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

THE DIRECTORS' REPORT

PERIOD ENDED 30 SEPTEMBER 2006

The directors have pleasure in presenting their report and the financial statements of the company for the period ended 30 September 2006.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of Insurance Brokers.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £86,589. Particulars of dividends paid are detailed in note 5 to the financial statements.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £0.01 each	
	At	At
	30 September 2006	1 October 2005
MR N R SWIFT	1,625,000	1,625,000
MR B R McGLAULIN	<u>875,000</u>	<u>875,000</u>

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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, as described on pages 7 to 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

In so far as the directors are aware:

there is no relevant audit information of which the company's auditors are unaware; and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD ENDED 30 SEPTEMBER 2006

AUDITOR

A resolution to re-appoint Edwards Veeder LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Hale Brook House
Scott Drive
Altrincham
Cheshire
WA15 8AB

Signed by order of the directors



MR B R McGLAULIN
Company Secretary

Approved by the directors on20/11/2006.....

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED****PERIOD ENDED 30 SEPTEMBER 2006**

We have audited the financial statements of Priestley & Partners (Insurance) Brokers Limited for the period ended 30 September 2006 on pages 5 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2005) and on the basis of the accounting policies set out on pages 7 to 8.

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 auditor's 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 AUDITOR

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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED** *(continued)*

PERIOD ENDED 30 SEPTEMBER 2006

Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 September 2006 and of its profit for the period then ended;

the financial statements have been properly prepared in accordance with the Companies Act 1985; and

the information given in the Directors' Report is consistent with the financial statements period ended 30 September 2006.



EDWARDS VEEDER LLP
Chartered Accountants
& Registered Auditors

Alex House
260/8 Chapel Street
Salford
MANCHESTER
M3 5JZ

20/11/2006

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD ENDED 30 SEPTEMBER 2006

	Note	2006 £	2005 £
TURNOVER		908,699	893,542
Administrative expenses		768,997	722,247
OPERATING PROFIT	2	139,702	171,295
Interest receivable		30,236	32,366
Amounts written off investments	3	(50,000)	(75,000)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		119,938	128,661
Tax on profit on ordinary activities	4	33,349	39,822
PROFIT FOR THE FINANCIAL PERIOD		86,589	88,839

The notes on pages 7 to 12 form part of these financial statements.

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

BALANCE SHEET

30 SEPTEMBER 2006


	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	6	36,755	45,251
Investments	7	<u>1,020</u>	<u>51,020</u>
		37,775	96,271
CURRENT ASSETS			
Debtors	8	655,155	633,068
Cash at bank and in hand		<u>690,035</u>	<u>684,758</u>
		1,345,190	1,317,826
CREDITORS: Amounts falling due within one year			
	9	<u>1,078,937</u>	<u>1,121,097</u>
NET CURRENT ASSETS		266,253	196,729
TOTAL ASSETS LESS CURRENT LIABILITIES		304,028	293,000
PROVISIONS FOR LIABILITIES			
Deferred taxation	10	<u>3,553</u>	<u>4,114</u>
		300,475	288,886
CAPITAL AND RESERVES			
Called-up equity share capital	12	25,000	25,000
Profit and loss account	13	<u>275,475</u>	<u>263,886</u>
SHAREHOLDERS' FUNDS		300,475	288,886

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2005).

These financial statements were approved by the directors on the 20/11/2006 and are signed on their behalf by:



 MR N R SWIFT



 MR B R McGLAULIN

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****PERIOD ENDED 30 SEPTEMBER 2006****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2005).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer Costs	-	25%
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Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 30 SEPTEMBER 2006

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 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.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. OPERATING PROFIT

Operating profit is stated after charging:

	2006	2005
	£	£
Directors' emoluments	102,109	98,407
Pension contributions	91,309	92,557
Depreciation of owned fixed assets	9,095	11,370
Auditor's fees	4,800	4,612

3. AMOUNTS WRITTEN OFF INVESTMENTS

	2006	2005
	£	£
Amount written off investments	50,000	75,000

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 30 SEPTEMBER 2006

4. TAXATION ON ORDINARY ACTIVITIES

	2006 £	2005 £
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period at 19% (2005 - 19%)	33,910	40,133
Total current tax	<u>33,910</u>	<u>40,133</u>
Deferred tax:		
Origination and reversal of timing differences (note 10)		
Capital allowances	(561)	(311)
Tax on profit on ordinary activities	<u>33,349</u>	<u>39,822</u>

5. DIVIDENDS

Dividends on equity shares

	2006 £	2005 £
Paid		
Equity dividends on ordinary shares	<u>75,000</u>	<u>75,000</u>

6. TANGIBLE FIXED ASSETS

	Computer Equipment £	Fixtures & Fittings £	Total £
COST			
At 1 October 2005	64,817	36,951	101,768
Additions	599	-	599
At 30 September 2006	<u>65,416</u>	<u>36,951</u>	<u>102,367</u>
DEPRECIATION			
At 1 October 2005	43,238	13,279	56,517
Charge for the period	5,544	3,551	9,095
At 30 September 2006	<u>48,782</u>	<u>16,830</u>	<u>65,612</u>
NET BOOK VALUE			
At 30 September 2006	<u>16,634</u>	<u>20,121</u>	<u>36,755</u>
At 30 September 2005	<u>21,579</u>	<u>23,672</u>	<u>45,251</u>

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 30 SEPTEMBER 2006

7. INVESTMENTS

	Shares in group companies brought forward £
Cost	
Balance brought forward	357,625
Balance carried forward	<u>357,625</u>
Amounts provided	
Balance brought forward	306,605
Written off in year	50,000
Balance carried forward	<u>356,605</u>
Net book value	
Balance carried forward	<u>1,020</u>
Net book value	
Balance brought forward	<u>51,020</u>

8. DEBTORS

	2006 £	2005 £
Trade debtors	649,693	630,409
Prepayments and accrued income	5,462	2,659
	<u>655,155</u>	<u>633,068</u>

9. CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Trade creditors	905,417	885,526
Other creditors including taxation and social security:		
Corporation tax	33,910	40,133
PAYE and social security	20,744	18,602
Directors current accounts	75,000	75,000
Other creditors	1,020	51,020
Accruals and deferred income	42,846	50,816
	<u>173,520</u>	<u>235,571</u>
	<u>1,078,937</u>	<u>1,121,097</u>

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 30 SEPTEMBER 2006

10. DEFERRED TAXATION

The movement in the deferred taxation provision during the period was:

	2006	2005
	£	£
Provision brought forward	4,114	4,425
Profit and loss account movement arising during the period	(561)	(311)
Provision carried forward	<u>3,553</u>	<u>4,114</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2006	2005
	£	£
Excess of taxation allowances over depreciation on fixed assets	3,553	4,114
	<u>3,553</u>	<u>4,114</u>

11. RELATED PARTY TRANSACTIONS

The company was under the control of Mr Swift throughout the current and previous year. Mr Swift is the managing director and majority shareholder.

No transactions with related parties were undertaken such as are required to be disclosed under Frsse 2005.

12. SHARE CAPITAL

Authorised share capital:

	2006	2005
	£	£
2,500,000 Ordinary shares of £0.01 each	<u>25,000</u>	<u>25,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £0.01 each	<u>2,500,000</u>	<u>25,000</u>	<u>2,500,000</u>	<u>25,000</u>

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****PERIOD ENDED 30 SEPTEMBER 2006****13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES**

	Share capital	Profit and loss account	Total share- holders' funds
	£	£	£
Balance brought forward	25,000	263,886	288,886
Profit for the period	—	86,589	86,589
Equity dividends	—	(75,000)	(75,000)
Balance carried forward	<u>25,000</u>	<u>275,475</u>	<u>300,475</u>