

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

FINANCIAL STATEMENTS

FOR

30TH SEPTEMBER 2005



EDWARDS VEEDER

Chartered Accountants & Registered Auditors

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

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2005

CONTENTS	PAGE
The directors' report	1
Independent auditors' report to the shareholders	3
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7
The following page does not form part of the financial statements	
Detailed profit and loss account	13

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30TH SEPTEMBER 2005

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30th September 2005.

PRINCIPAL ACTIVITIES

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

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

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

	Ordinary Shares of £0.01 each	
	At 30 September 2005	At 1 October 2004
MR N R SWIFT	1,625,000	1,625,000
MR B R McGLAULIN	<u>875,000</u>	<u>875,000</u>

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 year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, 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.

AUDITORS

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

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30TH SEPTEMBER 2005

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 on2.1.05.....

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED****YEAR ENDED 30TH SEPTEMBER 2005**

We have audited the financial statements of Priestley & Partners (Insurance) Brokers Limited for the year ended 30th September 2005 on pages 5 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 7.

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 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 shareholders 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 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 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.

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

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

YEAR ENDED 30TH SEPTEMBER 2005

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th September 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



EDWARDS VEEDER
Chartered Accountants
& Registered Auditors

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

25.10.2005

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30TH SEPTEMBER 2005**

	Note	2005 £	2004 £
TURNOVER		893,542	866,983
Administrative expenses		<u>722,247</u>	<u>659,094</u>
OPERATING PROFIT	2	171,295	207,889
Interest receivable		32,366	23,979
Amounts written off investments	3	(75,000)	(75,000)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		128,661	156,868
Tax on profit on ordinary activities	4	39,822	44,565
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		88,839	112,303
Equity dividends paid		75,000	75,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		13,839	37,303
Balance brought forward		250,047	212,744
Balance carried forward		<u>263,886</u>	<u>250,047</u>

The notes on pages 7 to 11 form part of these financial statements.

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

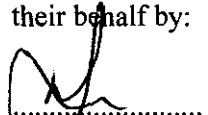
BALANCE SHEET

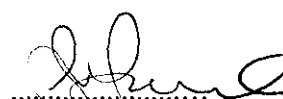
30TH SEPTEMBER 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	5	45,251	47,255
Investments	6	51,020	126,020
		<u>96,271</u>	<u>173,275</u>
CURRENT ASSETS			
Debtors	7	633,068	576,631
Cash at bank and in hand		684,758	709,819
		<u>1,317,826</u>	<u>1,286,450</u>
CREDITORS: Amounts falling due within one year	8	<u>1,121,097</u>	<u>1,129,233</u>
NET CURRENT ASSETS		<u>196,729</u>	<u>157,217</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>293,000</u>	<u>330,492</u>
CREDITORS: Amounts falling due after more than one year	9	—	51,020
		<u>293,000</u>	<u>279,472</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	10	4,114	4,425
		<u>288,886</u>	<u>275,047</u>
CAPITAL AND RESERVES			
Called-up equity share capital	12	25,000	25,000
Profit and loss account		263,886	250,047
SHAREHOLDERS' FUNDS		<u>288,886</u>	<u>275,047</u>

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 2000).

These financial statements were approved by the directors on the 25.10.2005 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****YEAR ENDED 30TH SEPTEMBER 2005****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 2000).

Turnover

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

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%

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.

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.

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2005

2. OPERATING PROFIT

Operating profit is stated after charging:

	2005	2004
	£	£
Directors' emoluments	98,407	89,074
Staff pension contributions	92,557	82,621
Depreciation of owned fixed assets	11,370	12,367
Auditors' fees	<u>4,612</u>	<u>4,406</u>

3. AMOUNTS WRITTEN OFF INVESTMENTS

	2005	2004
	£	£
Amount written off investments	<u>75,000</u>	<u>75,000</u>

4. TAXATION ON ORDINARY ACTIVITIES

	2005	2004
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2004 - 19%)	40,133	44,310
Total current tax	<u>40,133</u>	<u>44,310</u>
Deferred tax:		
Origination and reversal of timing differences (note 10)		
Capital allowances	(311)	255
Tax on profit on ordinary activities	<u>39,822</u>	<u>44,565</u>

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2005

5. TANGIBLE FIXED ASSETS

	Computer Equipment £	Fixtures & Fittings £	Total £
COST			
At 1st October 2004	58,175	34,227	92,402
Additions	6,642	2,724	9,366
At 30th September 2005	<u>64,817</u>	<u>36,951</u>	<u>101,768</u>
DEPRECIATION			
At 1st October 2004	36,045	9,102	45,147
Charge for the year	7,193	4,177	11,370
At 30th September 2005	<u>43,238</u>	<u>13,279</u>	<u>56,517</u>
NET BOOK VALUE			
At 30th September 2005	<u>21,579</u>	<u>23,672</u>	<u>45,251</u>
At 30th September 2004	<u>22,130</u>	<u>25,125</u>	<u>47,255</u>

6. INVESTMENTS

Acquisition of Wenswell Limited

£

COST

At 1st October 2004 and 30th September 2005 357,625

AMOUNTS WRITTEN OFF

At 1st October 2004 231,605

Written off in year 75,000

At 30th September 2005 306,605

NET BOOK VALUE

At 30th September 2005 51,020

At 30th September 2004 126,020

7. DEBTORS

	2005 £	2004 £
Trade debtors	630,409	576,043
Prepayments and accrued income	2,659	588
	<u>633,068</u>	<u>576,631</u>

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2005

8. CREDITORS: Amounts falling due within one year

	2005		2004
	£	£	£
Trade creditors		885,526	853,715
Other creditors including taxation and social security:			
Corporation tax	40,133		44,310
PAYE and social security	18,602		15,900
Directors current accounts	75,000		75,000
Other creditors	51,020		75,000
Accruals and deferred income	50,816		65,308
		<u>235,571</u>	<u>275,518</u>
		<u>1,121,097</u>	<u>1,129,233</u>

9. CREDITORS: Amounts falling due after more than one year

	2005		2004
	£	£	£
Other creditors		—	51,020

10. DEFERRED TAXATION

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

	2005	2004
	£	£
Provision brought forward	4,425	4,170
Profit and loss account movement arising during the year	(311)	255
Provision carried forward	<u>4,114</u>	<u>4,425</u>

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

	2005	2004
	£	£
Excess of taxation allowances over depreciation on fixed assets	4,114	4,425
	<u>4,114</u>	<u>4,425</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 Financial Reporting Standard 8.

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2005

12. SHARE CAPITAL

Authorised share capital:

	2005	2004
	£	£
2,500,000 Ordinary shares of £0.01 each	<u>25,000</u>	<u>25,000</u>

Allotted, called up and fully paid:

	2005		2004	
	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>