

FINSURE PREMIUM FINANCE LIMITED

ANNUAL REPORT 2002

Registration No. 1670887



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FINSURE PREMIUM FINANCE LIMITED

DIRECTORS' REPORT

The Directors submit their report and financial statements for the year to December 31, 2002.

Results and dividends

The profit on ordinary activities after taxation amounted to £1,967,000 (2001 - £3,275,000 profit).

The Company did not pay a dividend to the shareholder in 2002 (2001 - £4,500,000 on December 14).

Review of the business and future developments

The company's principal activity is the transaction of premium finance business for all classes of insurance other than life assurance. The Directors anticipate that this business will continue to grow strongly during 2003.

Directors and their interests

The Directors who served during the year were as follows:

P M Bunker	
H S Hughes	(resigned March 31, 2002)
P Chaplain	(resigned March 31, 2002)
J G B Craig	
C W Roberts	(appointed March 31, 2002)

No Director had, at any time during the year, any interest in the shares of this company or the parent company.

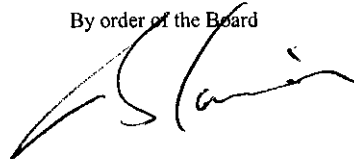
Payment of suppliers

It is the practice of the company to pay all suppliers within the terms of credit agreed with each supplier.

Auditors

By elective resolution passed on September 10, 1998 pursuant to section 386 of the Company's Act 1985, the Corporation dispensed with the obligation to appoint an auditor annually. KPMG Audit Plc. therefore remain automatically in office as auditors.

By order of the Board



P B Cassidy
Company Secretary

March [...7...], 2003

FINSURE PREMIUM FINANCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 accounts, the Directors are required to :

- * select suitable accounting policies and then apply them consistently;
- * make judgments 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
- * 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.

FINSURE PREMIUM FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT

to the members of Finsure Premium Finance Limited

We have audited the financial statements on pages 4 to 9.

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report and the directors' remuneration report. As described on page 2, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report to be audited have been 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 group is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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 and the part of the directors' remuneration report to be audited. 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 group'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 and the part of the directors' remuneration report to be audited 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 and the part of the directors' remuneration report to be audited.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at December 31, 2002 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

March [14], 2003

FINSURE PREMIUM FINANCE LIMITED

PROFIT AND LOSS ACCOUNT

Year ended December 31, 2002

	<u>Notes</u>	2002 £'000	2001 £'000
Turnover	2	23,869	22,170
Administrative expenses		18,379	13,957
		<hr/>	<hr/>
Operating profit		5,490	8,213
Interest receivable		68	77
Interest payable to parent undertaking		3,674	3,686
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	1,883	4,604
Taxation on profit on ordinary activities	5	(84)	1,329
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,967	3,275
Dividend	10	-	4,500
		<hr/>	<hr/>
Retained profit/(loss) for the year		1,967	(1,225)
Retained profit brought forward	10	990	2,215
		<hr/>	<hr/>
Retained profit carried forward		2,957	990
		<hr/>	<hr/>

All activities dealt with in the profit and loss account relate to continuing activities.

There are no recognised gains and losses other than the profit for the year.

FINSURE PREMIUM FINANCE LIMITED

BALANCE SHEET

As at December 31, 2002

	Notes	2002 £'000	2001 £'000
Fixed assets:			
Tangible fixed assets	6	13	27
Current assets:			
Premium finance loans		98,095	102,290
Other debtors due within one year	7	662	442
Other debtors due after one year	7	663	918
Cash at bank and in hand		15,779	2,871
		<hr/> 115,199	<hr/> 106,521
Creditors: amounts falling due within one year			
Amounts due to parent undertaking		96,029	89,086
Amounts due to other group undertakings		182	-
Other creditors	8	15,044	15,472
		<hr/> 111,255	<hr/> 104,558
Net current assets		<hr/> 3,944	<hr/> 1,963
Net assets		<hr/> <u>3,957</u>	<hr/> <u>1,990</u>
Capital and reserves:			
Called up share capital	9	1,000	1,000
Profit and loss account		2,957	990
		<hr/>	<hr/>
Shareholder's funds (equity interests)	10	<hr/> <u>3,957</u>	<hr/> <u>1,990</u>

These financial statements were approved by the Board of Directors on March [...7...], 2003.

On behalf of the Board



P M Bunker

Director

FINSURE PREMIUM FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2002

1 Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with section 226 of and schedule 4 to the Companies Act 1985 and with applicable accounting standards.

Turnover

Credit interest is accounted for in the period in which loans are processed; a provision for unearned credit interest is made based on the reducing capital balances outstanding on loans.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Cash flow statements

As permitted by Financial Reporting Standard No. 1 (revised), a cash flow statement is not presented in these financial statements as the company is a wholly owned subsidiary of Credit Suisse Group, the consolidated financial statements of which are publicly available.

Depreciation

Data processing equipment is depreciated on a straight line basis over a period of 4 years and software is depreciated on a straight line basis over a period of 2 years.

Group Relief

Provision is made for payments or receipts arising from the acceptance or surrender of tax losses under the group and consortium relief provisions of the Taxes Acts to the extent that it is believed, based on the latest projections for the tax profile of the overall group, that capacity for group relief exists. Provision is normally made at the applicable rate of corporation tax for the year in question.

2 Turnover

	<u>2002</u>	<u>2001</u>
	<u>£'000</u>	<u>£'000</u>
Net earnings from premium finance loans	<u>23,869</u>	<u>22,170</u>

All the above income arises in the UK.

3 Profit on ordinary activities before taxation

There is no charge in the financial statements for auditor's remuneration as these costs are borne by the parent undertaking, The National Insurance and Guarantee Corporation Ltd.

The company has no employees. All staff are employed by the parent company and salaries and related costs are recharged by way of management fee and included in administrative expenses.

FINSURE PREMIUM FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2002

4 Directors' Emoluments

No director, other than P Chaplain (resigned March 31, 2002) and C W Roberts, received any remuneration in respect of services rendered as a director of the company. P M Bunker throughout the year, and H S Hughes, until his resignation (March 31, 2002), were directors of The National Insurance and Guarantee Corporation Ltd., and their remuneration in respect of group services is disclosed in the financial statements of The National Insurance and Guarantee Corporation Ltd. No disclosure of J G B Craig's remuneration is disclosed in any group company financial statements on the basis that he was not at any time during the year a director of The National Insurance and Guarantee Corporation Ltd., in whose service he is principally employed and remunerated. The remuneration of P Chaplain and C W Roberts is set out below:

	<u>2002</u>	<u>2001</u>
	<u>£'000</u>	<u>£'000</u>
Aggregate emoluments (excluding pension contributions)	157	142
Aggregate pension contributions	<u>18</u>	<u>10</u>
	<u>175</u>	<u>152</u>
Highest paid director's emoluments (excluding pension contributions)	79	142
Highest paid director's pension contributions	<u>11</u>	<u>10</u>
	<u>90</u>	<u>152</u>

5 Taxation

	<u>2002</u>	<u>2001</u>
	<u>£'000</u>	<u>£'000</u>
Current year @ 30% (2001 - 30%)	569	1,329
Prior year adjustment	<u>(653)</u>	<u>-</u>
	<u>(84)</u>	<u>1,329</u>

The prior year adjustment arises mainly from the provision of group relief free of charge for which provision had previously been made at 30%.

Factors affecting the tax charge for the current year

The current tax charge for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

Current tax reconciliation

Profit/(loss) on ordinary activities before tax	<u>1,883</u>
Current tax at 30%	565
Effects of:	
Expenses not deductible for tax purposes	2
Capital allowances for year greater than/(less than) depreciation	2
Total current tax charge	<u>569</u>

FINSURE PREMIUM FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2002

6 Tangible fixed assets

	Office Equipment £'000
At 1 January 2002	
Cost or valuation	56
Additions	-
At 31 December 2002	<u>56</u>
At 1 January 2002	
Depreciation	29
Charge in the year	14
At 31 December 2002	<u>43</u>
Net book value at 31 December 2002	<u>13</u>
Net book value at 31 December 2001	<u>27</u>

7 Other debtors

	<u>2002</u> £'000	<u>2001</u> £'000
Loans to brokers		
Amounts falling due in:		
Less than one year	222	204
Greater than one year	<u>663</u>	<u>918</u>
	885	1,122
Sundry Debtors	150	60
Prepayments & accrued income	<u>290</u>	<u>178</u>
	<u>1,325</u>	<u>1,360</u>

8 Other creditors

	<u>2002</u> £'000	<u>2001</u> £'000
Due to insurance brokers and agents	4,778	5,723
Accruals and deferred income	9,697	8,366
Corporation tax	<u>569</u>	<u>1,383</u>
	<u>15,044</u>	<u>15,472</u>

9 Share capital

	<u>2002</u> £'000	<u>2001</u> £'000
<u>Authorised</u>		
1,000,000 ordinary shares of £1 each (2001 - 1,000,000)	<u>1,000</u>	<u>1,000</u>
<u>Allotted, called up and fully paid</u>		
1,000,000 ordinary shares of £1 each (2001 - 1,000,000)	<u>1,000</u>	<u>1,000</u>

FINSURE PREMIUM FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2002

10 Reconciliation of movement in shareholder's funds

	Share capital £'000	Profit and loss account £'000	Total £'000
At January 1, 2001	1,000	2,215	3,215
Share Issue	-	-	-
Profit for the year	-	3,275	3,275
Dividend	-	(4,500)	(4,500)
At December 31, 2001	<u>1,000</u>	<u>990</u>	<u>1,990</u>
At January 1, 2002	1,000	990	1,990
Profit for the year	-	1,967	1,967
Dividend	-	-	-
At December 31, 2002	<u>1,000</u>	<u>2,957</u>	<u>3,957</u>

11 Related party transactions

Exemption

The company has taken advantage of the exemption under paragraph 17 of FRS8 "Related Party Disclosures" as at least 90% of its voting rights are controlled within the group of companies, of which it is a member.

12 Capital commitments

The company had no contracted capital commitments at December 31, 2002 (2001 - £Nil).

13 Contingent liabilities

There were no contingent liabilities at December 31, 2002 (2001 - £Nil).

14 Ultimate and intermediate parent undertakings

At the end of the financial year the ultimate parent undertaking was Credit Suisse Group, a company incorporated in Switzerland.

The parent undertaking of the largest group of undertakings for which group accounts are drawn up which include the results of the company is Credit Suisse Group. Copies of these accounts are available from Paradeplatz 8, Postfach 1, 8070 Zurich, Switzerland.

The parent undertaking of the smallest such group is The National Insurance and Guarantee Corporation Ltd. which is registered in England and Wales. Copies of the financial statements of The National Insurance and Guarantee Corporation Ltd. are available from Crown House, 145 City Road, London, EC1V 1LP.