

# **The OutRight Company UK Limited**

**Directors' report and financial statements**

**Period ended 31 December 2005**



**Registered no. 2613429**

## Contents

Chief Executive's Statement	1
Report of the directors for the year ended 31 December 2005	2
Statement of directors' responsibilities	4
Independent auditor's report to the members of the The OutRight Company UK Limited	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

## Chief Executive's Statement

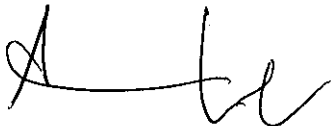
2005 has been another successful year for OutRight. The directors and managers have made significant progress in a number of areas and at the same time successfully managed the buy-out of the company's parent Able Brokers Limited by Fortis (UK) Ltd.

Overall, OutRight's policies under management grew by 4%. Growth from both AutoDirect and OutRight's other own brands was achieved through continued successful direct response marketing where OutRight leveraged its well proven expertise in the internet channel. Customer buying habits have shown a significant shift during 2005 such that the internet now accounts for over 50% of OutRight's own brand new business policies.

At the end of 2004 OutRight had been appointed to manage the personal lines business for all of the top four insurance brokers, Aon, Willis, Jardine Lloyds Thompson and Marsh. During 2005 OutRight has consolidated this position further by managing additional personal lines policies for these clients and at the same time securing additional administration agreements with clients. OutRight now provides policy administration services for almost 30 insurance broker and corporate clients under a varied range of brand names. OutRight's ability to manage each of these programs in a way that is compatible with each client's corporate identity and brand guidelines is testament to OutRight's robust though flexible operational platform and its capable operational management team.

In September 2005, the directors reached completion on the sale of the company's parent Able Brokers Limited to Fortis (UK) Ltd. OutRight has successfully developed a business model that has broad appeal within the intermediated insurance distribution channel. The decision to join Fortis was in line with the strategy to continue to profitably grow the business and already a number of new opportunities have emerged resulting from the relationships already in place and the growing number of new prospects. The backing and support that Fortis will bring to the company will be extremely important as the management team looks to capitalise on our strong business platform, implement further operational innovations and accelerate growth.

The directors remain committed to the current growth strategy and together with the management team, look forward to continued profitable growth in 2006.



Chief Executive  
The OutRight Company UK Ltd

## Report of the directors for the year ended 31 December 2005

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

### Principal activities and business review

The OutRight Company UK Limited ('the company'), throughout the year, acted as an insurance broking company in providing personal lines insurance in the UK. The entire share capital of the Company's immediate parent Able Brokers Limited was purchased by Fortis (UK) Limited on the 12<sup>th</sup> September 2005

### Results and dividends

The company's results for the year under review are as detailed in the statement of profit and loss shown in these accounts.

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2005 (2004: nil).

### Directors and Director's Interests

The directors who served during the year together with their disclosable interests were as follows:

Name	Appointment	Resigned	Able Brokers Limited Ordinary shares of £1.00 each	
			31 December 2005	31 December 2004
S P Beckett	4 January 2005	7 September 2005		
R S Bright	31 March 2003	31 January 2006	Nil	2,900
J R M Harvey	12 September 2005			
A A Lee	31 March 2003		Nil	2,000
B D Smith	12 September 2005			

Following the purchase of the entire share capital by Fortis (UK) Limited on the 12<sup>th</sup> September 2005, all director's interests in the shares of the Companies immediate parent Able Brokers Limited were sold and as at the 31<sup>st</sup> December 2005 none of the Directors had any disclosable interest in either the shares of the Company or any other Group Company or the ultimate Holding Company.

## **Directors' Report (continued)**

### **Supplier payment policy**

The amount due to the company's trade creditors at 31 December 2005 represented 30 days' average daily purchases of goods and services received from those creditors.

### **Employment of disabled persons**

The company is committed to providing equal opportunities to employees. The employment of disabled persons is included in this commitment and the recruitment, training, career development and promotion of disabled persons is based on the aptitudes and abilities of the individual. Should employees become disabled during employment, every effort would be made to continue their employment and, if necessary, appropriate training would be provided.

### **Employment policy**

The company continues to regard communication with its employees as a key aspect of its policies. Information is given to employees about employment matters and about the financial and economic factors affecting the company's performance through management channels, in-house literature and by way of attendance at internal seminars and training programmes. Employees are encouraged to discuss operational and strategic issues with their line management and to make suggestions aimed at improving performance.

### **Political and charitable contributions**

The company made no political contributions during the year. Donations to UK charities amounted to £620 (2004: £6,249)

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



Rosemary A Smith  
Secretary

14th March 2006

### **Registered Office:**

Prospect House  
Trentham Lakes North  
Gordon Banks Drive  
Stoke on Trent  
ST4 4TW

## Statement of 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 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of The OutRight Company UK Limited**

We have audited the financial statements on pages 6 to 15

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**

The directors are responsible for preparing the Directors' report and, as described on page 4, 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 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 other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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. 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 the Company's affairs as at 31 December 2005 and of its profits for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

**KPMG LLP**  
Chartered Accountants  
Registered Auditor  
14<sup>th</sup> March 2006

St James' Square  
Manchester  
M2 6DS

**Profit and loss account**  
*for the year ended 31 December 2005*

	<b>Note</b>	<b>2005 £000</b>	<b>2004 £000</b>
<b>Turnover</b>	1(c)/2	14,003	13,842
Administrative expenses		(12,983)	(12,260)
		<hr/>	<hr/>
<b>Operating profit</b>		1,020	1,582
Other interest receivable and similar income	6	117	124
Interest payable and similar charges	7	(7)	(81)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	3	1,130	1,625
Taxation payable on ordinary activities	8	(358)	(505)
		<hr/>	<hr/>
<b>Retained profit for the financial year</b>	14	772	1,120
		<hr/>	<hr/>

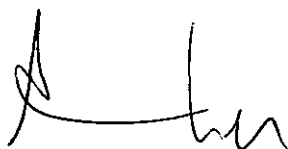
All gains and losses are reflected in the profit and loss account. All amounts relate to continuing activities. The notes on pages 8 to 15 form part of these financial statements.



**Balance sheet**  
*as at 31 December 2005*

	Note	2005 £000	2004 £000
<b>Fixed assets</b>			
Tangible assets	9	472	493
		<u>472</u>	<u>493</u>
<b>Current assets</b>			
Debtors	10	7,677	4,748
Cash at bank and in hand	11	2,120	2,751
		<u>9,797</u>	<u>7,499</u>
<b>Creditors: amounts falling due within one year</b>	12	(7,822)	(6,317)
		<u></u>	<u></u>
<b>Net current assets</b>		1,975	1,182
		<u></u>	<u></u>
<b>Total assets</b>		2,447	1,675
		<u></u>	<u></u>
<b>Creditors: amounts falling due after more than one year</b>		-	-
		<u></u>	<u></u>
<b>Net assets</b>		2,447	1,675
		<u></u>	<u></u>
<b>Capital and reserves</b>			
Called up share capital	13	50	50
Profit and loss account	14	<u>2,397</u>	<u>1,625</u>
<b>Shareholders' funds</b>		2,447	1,675
		<u></u>	<u></u>

The financial statements were approved by the board of directors on 14<sup>th</sup> March 2006



Andrew A Lee  
 Director

The notes on pages 8 to 15 form part of these financial statements.

## Notes to the financial statements

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the company's financial statements.

#### a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical accounting rules. The financial statements have been prepared on a going concern basis which the directors believe to be appropriate.

#### Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirements to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

#### b) Depreciation

Depreciation is charged on a straight line basis at the following rates:

Computer equipment	20% - 33% per annum
Furniture, fittings and equipment	20% - per annum
Premises improvements	20% - per annum

#### c) Turnover

Company turnover comprises commissions receivable and finance charge income in respect of personal lines insurance.

Commission income is recognised at the inception of each finance agreement. Premium instalment income is recognised over the period in which it is earned.

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### d) Pension costs

Contributions payable to defined contribution schemes are charged to the profit and loss account as they fall due.

#### e) 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.

#### f) Operating Leases

Rentals under operating releases are charged to the profit and loss account on a straight line basis over the lease term.

### 2. Turnover

The whole of the company's turnover is derived in the UK.

### 3. Profit on ordinary activities before taxation

This is stated after charging the following:

	2005 £000	2004 £000
Auditors' remuneration: audit services	33	32
accountancy	-	-
tax services	7	2
Depreciation	303	300
Rents payable under operation leases:		
- Furniture and equipment	56	57
- Other	259	257
- Property lease	133	158

# Notes to the financial statements (continued)

## 4. Remuneration of directors

	2005 £000	2004 £000
Directors' Emoluments	638,046	456,241
Pension scheme contributions	36,423	24,370

The aggregate of emoluments for the highest paid director was £297,678 (2004 : 259,659)

## 5. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number 2005	Number 2004
Insurance broking	215	237
Other	43	43
	<u>258</u>	<u>280</u>

The aggregate payroll costs of these persons were as follows:

	2005 £000	2004 £000
Wages and salaries	4,927	4,790
Social security costs	432	391
Other pension costs	195	174
	<u>5,554</u>	<u>5,355</u>

## 6. Interest receivable and similar income

	2005 £000	2004 £000
Bank interest	117	124

## Notes to the financial statements (continued)

### 7. Interest payable and similar charges

	2005 £000	2004 £000
On bank loans and overdraft	-	2
On loans from group undertakings	7	79
	<hr/>	<hr/>
	7	81
	<hr/>	<hr/>

### 8. Taxation

#### (a) Analysis of charge for the period.

	2005 £000	2004 £000
Current tax:		
UK corporation tax on profits of the period.	350	494
Adjustments in respect of prior periods.	(4)	(28)
Total current tax (note 8b)	<hr/> 346	<hr/> 466
Deferred tax		
Arising during the period	6	11
Adjustments in respect of prior periods	6	28
Total deferred tax	12	39
Total tax on profits on ordinary activities	<hr/> 358	<hr/> 505
	<hr/>	<hr/>

## Notes to the financial statements (continued)

### 8. Taxation (continued)

#### (b) Factors affecting tax charge for the period.

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2005 £000	2004 £000
Profit on ordinary activities before tax.	1,130	1,625
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 : 30%).	339	488
Expenses not deductible for tax purposes.	15	18
Depreciation for period in excess of capital allowances.	2	(9)
Other timing differences	(6)	(3)
Adjustments to tax charge in respect of previous periods.	(4)	(28)
Current tax charge for period	346	466

The company has a deferred tax asset of £155,335 which consists of an asset of £144,835 in respect of accelerated capital allowances and an asset of £10,500 arising on other timing differences.

	2005 £000	2004 £000
<b>Deferred tax asset</b>		
Deferred tax asset as at 1 January 2005	(167)	(206)
Arising during the period	12	39
Deferred tax asset as at 31 December 2005	(155)	(167)
Deferred tax asset consists of:		
Accelerated capital allowances	(145)	(151)
Other timing differences	(10)	(16)

Notes to the financial statements (continued)

9. Tangible fixed assets

	Computer Equipment £000	Furniture & Fittings Equipment £000	Premises £000	Total £000
Cost:				
At 1 January 2005	1,433	765	39	2,237
Additions in period	210	4	68	282
<b>At 31 December 2005</b>	<b>1,643</b>	<b>769</b>	<b>107</b>	<b>2,519</b>
Depreciation:				
At 1 January 2005	1,063	667	14	1,744
Charged in period	234	54	15	303
<b>At 31 December 2005</b>	<b>1,297</b>	<b>721</b>	<b>29</b>	<b>2,047</b>
<b>Net Book Value</b>				
<b>At 31 December 2005</b>	<b>346</b>	<b>48</b>	<b>78</b>	<b>472</b>
Net Book Value:				
At 31 December 2004	370	98	25	493

10. Debtors

	2005 £000	2004 £000
Amounts due within one year:		
Trade debtors	6,219	3,379
Amounts owed by Group undertakings	193	193
Other debtors	38	47
Prepayments and accrued income	1,072	962
Deferred tax asset	155	167
	<b>7,677</b>	<b>4,748</b>

**Note to the financial statements (continued)**

**11. Cash at bank and in hand**

As at 31 December, cash at bank and in hand amounted to £2,119,897  
 (2004 : 2,750,667)

**12. Creditors: amounts falling due within one year**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	3,504	4,249
Amount owed to Group undertakings	2,502	-
Other creditors including taxation and social security	587	1,035
Accruals and deferred income	<u>1,229</u>	<u>1,033</u>
	<u>7,822</u>	<u>6,317</u>

**13. Equity share capital**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Authorised:</b>		
50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>
<b>Issued:</b>		
Share capital allotted, called up, and fully paid:		
50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>

**14. Reconciliation of movement in shareholders funds**

	<b>Profit and loss account £'000</b>	<b>Share Capital £'000</b>	<b>Total £000</b>
At beginning of year	1,625	50	1,675
Current year retained profit	772	-	772
<b>At end of year</b>	<u>2,397</u>	<u>50</u>	<u>2,447</u>



## Notes to the financial statements (continued)

### 15. Operating lease commitments

Annual commitments of the company under non-cancellable other operating leases are as follows:

	2005 £000	2004 £000
Operating leases which expire:		
Within one year	8	3
In the second to fifth years inclusive	19	13
	<u>27</u>	<u>16</u>

### 16. Related Party Transactions

Griffin Insurance Association provide errors and omissions insurance for OutRight. Bob Bright was a Director of both companies throughout the year. During the period OutRight paid £271,076 to Griffin in quarterly instalments payments. There were no amounts outstanding at the year end.

### 17. Ultimate Holding Company

The Company is a subsidiary undertaking of Able Brokers Limited who's immediate parent undertaking is Fortis (UK) Limited. As the Company is a wholly owned subsidiary of Fortis Insurance International N.V., the Company has taken advantage of the exemption allowed in FRS 8 not to disclose transactions or balances with entities which form part of the group.

The company's results are consolidated into the accounts of Fortis Insurance International N.V., a Company incorporated in the Netherlands.

The Company's ultimate holding company is Fortis Utrecht NV which is incorporated in the Netherlands and is jointly owned by Fortis N.V., incorporated in the Netherlands and Fortis SA/NV, incorporated in Belgium.

Copies of the above accounts can be obtained from the Company Secretary, Fortis (UK) Limited, Fortis House, Tollgate, Eastleigh, Hants, SO53 3YA.