Company number: 2652880

MACROBINS PLC

REPORT & ACCOUNTS 2005

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The directors present their report and the audited financial statements of the Company for the year ended 31 March 2005.

Principal activities and review of business

The principal activity of the Company is the operation of an employee benefits consultancy. Until 31 March 2004, the Company also provided insurance broking services. With effect from 1 April 2004, this business was transferred to Berry Birch & Noble Insurance Brokers Limited, a fellow group company, for a consideration of £400,000.

The comparatives shown in these financial statements are for a nine month period due to the change in accounting reference date following the acquisition of the Company by Berkeley Berry Birch plc in July 2003.

Turnover from the employee benefits consultancy for the year ended 31 March 2005 amounted to £630,000 against £386,000 in the nine months ended 31 March 2004. On an annualised basis, turnover from this business was up 22%. The insurance broking business contributed turnover of £291,000 in the nine months ended 31 March 2004.

The Company reported an operating loss for the year ended 31 March 2005 of £205,000 against the operating loss of £63,000 incurred in the nine months ended 31 March 2004.

As highlighted in an announcement on the 1st December 2005, the financial position of the Company's parent company Berkeley Berry Birch plc is uncertain. Due to this uncertainty, the Company has made full provision for the amounts owed to it by its parent. This provision resulted in a charge of £253,000 in the current financial period.

As no assets or liabilities were sold with the business, the Company made a profit of £400,000 on the sale of its insurance broking business, being the consideration received.

Dividends

The directors do not recommend the payment of a dividend for the year (nine months ended 31 March 2004: £nil).

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Directors

The directors of the Company during the period from 1 April 2004 to 30 November 2005 were:

	Appointed	Resigned
M A Cleary		14 June 2005
C Conrad-Pickles		
A S Foster		14 November 2004
N J Froggatt	19 July 2005	
P A Harrison*	7 December 2004	22 November 2004 & 19 July 2005
R B Sturdy		22 November 2004
G A Whyler		16 November 2004
J B Wilken		22 November 2004

* P A Harrison resigned as a director of the Company on 22 November 2004 and was reappointed on 7 December 2004. He subsequently resigned on 19 July 2005.

Directors' interests

The interests of the directors at 31 March 2005 in the shares of the parent company, Berkeley Berry Birch plc, were as follows:

	Berkeley Berry Birch plc ordinary shares of 10p each	
	31 March 2005	1 April 2004
M A Cleary	**108,666**	108,666
C Conrad-Pickles	**1,029,464**	432,692
P A Harrison	-	-

During the year options to subscribe for shares in the Company's parent company, Berkeley Berry Birch plc, were granted as follows:

M A Cleary, 500,000 ordinary shares of 10p each

No directors held shares in the Company during the year.

Creditor payment policy

The Berkeley Berry Birch plc ('BBB plc') group has a centralised purchase ledger, which is operated by Berkeley Berry Birch Group Support Services Limited ('GSS'), a wholly owned subsidiary of BBB plc. As a member of the BBB plc group, the Company participates in these arrangements and therefore had no trade creditors at 31 March 2005. At 31 March 2004, the Company operated its own purchase ledger and trade creditor days for the Company for the nine months ended 31 March 2004 were 46 days, based on the ratio of trade creditors at the balance sheet date to the amounts invoiced during the accounting period by trade creditors.

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Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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
- 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.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office. A resolution to reappoint them will be proposed at the forthcoming annual general meeting.

By order of the Board

M A Oliver
Company Secretary
8th December 2005

REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of MacRobins plc

We have audited the financial statements of MacRobins plc for the year ended 31 March 2005 on pages 6 to 14 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

REPORT OF THE INDEPENDENT AUDITORS

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
Chartered Accountants and Registered Auditors
London

8th December 2005

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2005

		Year ended 31 March 2005			Nine months ended 31 March 2004		
	Note	Continuing operations £'000	Discontinued operations £'000	**Total £'000**	Continuing operations £'000	Discontinued operations £'000	Total £'000
Turnover	2	630	-	**630**	386	291	677
Operating costs		(863)	-	**(863)**	(346)	(414)	(760)
Other operating income		28	-	**28**	20	-	20
Operating profit/(loss)	3	(205)	-	**(205)**	60	(123)	(63)
Disposal of business	6	-	400	**400**	-	-	-
Profit/(loss) on ordinary activities before interest		(205)	400	**195**	60	(123)	(63)
Interest receivable and similar income	7			**30**			12
Interest payable and similar charges	8			-			(3)
Profit/(loss) on ordinary activities before taxation				**225**			(54)
Taxation on profit/(loss) on ordinary activities	9			**2**			(1)
Profit/(loss) for the period	17			**227**			(55)

There were no recognised gains and losses for the year other than the profit for the period shown above (nine months ended 31 March 2004: £nil).

The notes on pages 8 to 14 form part of these accounts.

BALANCE SHEET
31 March 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Intangible assets	10	-	-
Tangible fixed assets	11	7	36
		7	36
Current assets			
Debtors	12	**168**	371
Cash at bank and in hand	13	**455**	602
		623	973
Creditors: amounts falling due within one year	14	**(240)**	(843)
Net current assets		**383**	130
Total assets less current liabilities		**390**	166
Creditors: amounts falling due after more than one year	15	-	(3)
Net assets		**390**	163
Capital and reserves			
Called up share capital	16	**105**	105
Profit and loss account	17	**285**	58
Equity shareholders' funds	18	**390**	163

The financial statements were approved by the board of directors on 8th December 2005 and were signed on its behalf by:

N J Froggatt
Director

The notes on pages 8 to 14 form part of these accounts

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents the value of retained brokerage, commissions and fees receivable. Income in respect of insurance brokerage is recognised at the inception of the policy or when the policy placement has been completed and confirmed, whichever is the later. Other initial commissions are accounted for when the policy is issued by the product provider. Renewal commissions are accounted for when received.

Depreciation

Depreciation is provided on a straight-line basis at rates which, in the opinion of the directors, reduce the assets to their residual values over their estimated useful lives. The rates of depreciation applied are:

IT equipment and software	25-33.3%
Fixtures and fittings	20%
Motor vehicles	25%

Deferred taxation

Deferred tax balances are recognised in respect of all material timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Insurance broking assets and liabilities

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for the amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities. This recognises that the insurance broker is entitled to retain the investment income on any cash flows arising from these transactions.

Pension costs

Contributions to the Company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Leases

Assets held under finance leases are capitalised at their fair value on the inception of the lease and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account.

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

2 Turnover

Turnover arises solely within the United Kingdom. The analysis of turnover by business segment was as follows:

	Year ended 31 March 2005 £'000	Nine months ended 31 March 2004 £'000
Financial advice	**630**	386
Insurance broking	**-**	291
	630	677

3 Operating profit

Operating profit is arrived at after charging the following:

	Year ended 31 March 2005 £'000	Nine months ended 31 March 2004 £'000
Employee costs (see note 4)	**361**	446
Depreciation of tangible fixed assets:		
Owned assets	**19**	14
Assets held under finance leases	**12**	6
Audit fees	**-**	20
Provision against amounts due from group undertakings	**253**	-
Operating lease rentals	**24**	30

The audit fees for the year ended 31 March 2005 were borne by the parent company, Berkeley Berry Birch plc.

4 Employee information

	Year ended 31 March 2005 £'000	Nine months ended 31 March 2004 £'000
Wages and salaries	**311**	380
Social security costs	**38**	41
Pension costs	**12**	25
	361	446

The average number of employees (including executive directors) during the period was 6 (nine months ended 31 March 2004: 13).

Pension costs relate to contributions to the Company's defined contribution scheme.

5 Directors' emoluments

Directors' emoluments consist of:

	Year ended 31 March 2005 £'000	Nine months ended 31 March 2004 £'000
Fees and remuneration for management services	32	131
Compensation for loss of office	-	10
Payments to defined contribution pension scheme	4	20
	36	161

The Company contributed to defined contribution schemes in respect of 1 director (nine months ended 31 March 2004: 3 directors) during the year.

6 Disposal of business

With effect from 1 April 2004, the Company sold its insurance broking business to a fellow group company for £400,000. As no assets or liabilities were sold with the business, the Company made a profit of £400,000 on the sale, being the consideration received.

7 Interest receivable and similar income

	Year ended 31 March 2005 £'000	Nine months ended 31 March 2004 £'000
Bank interest receivable	30	12

8 Interest payable and similar charges

	Year ended 31 March 2005 £'000	Nine months ended 31 March 2004 £'000
On bank loans and overdrafts	-	1
On finance leases	-	2
	-	3

9 Taxation on profit on ordinary activities

	Year ended 31 March 2005 £'000	Nine months ended 31 March 2004 £'000
Current tax:		
UK corporation tax on the profit for the period	-	-
Adjustment in respect of previous periods	(2)	1
Total current tax (credit)/charge	(2)	1

9 Taxation on profit on ordinary activities (continued)

The tax for the period is different to the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 March 2005 £'000	Nine months ended 31 March 2004 £'000
Profit/(loss) on ordinary activities	225	(54)
Profit/(loss) on ordinary activities at 30%	68	(16)
Effects of:		
Expenses not deductible for tax purposes	75	4
Profits not subject to tax	(120)	-
Depreciation in excess of capital allowances	6	-
Losses brought forward utilised	(12)	-
Losses carried forward	-	12
Group relief received for no consideration	(17)	-
Prior year adjustment	(2)	1
Current tax (credit)/charge	(2)	1

Deferred tax

At 31 March 2005 there was a deferred tax asset as set out below. This asset has not been included in the balance sheet due to the uncertainty over the timing of its recoverability.

	2005 £'000	2004 £'000
Accelerated capital allowances	8	2
Losses available for utilisation against future profits	11	23
Unprovided deferred tax asset	19	25

10 Intangible assets

	Goodwill £'000
Cost	
At 1 April 2004	43
Disposals	(43)
At 31 March 2005	-
Amortisation	
At 1 April 2004	43
Disposals	(43)
At 31 March 2005	-
Net book value at 31 March 2005	-
Net book value at 31 March 2004	-

11 Tangible fixed assets

	Leasehold improvements £'000	IT equipment and software £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2004	-	81	16	97
Additions	2	-	-	2
At 31 March 2005	**2**	**81**	**16**	**99**
Depreciation				
At 1 April 2004	-	48	13	61
Provision for the period	-	28	3	31
At 31 March 2005	-	**76**	**16**	**92**
Net book value				
At 31 March 2005	**2**	**5**	-	**7**
At 31 March 2004	-	33	3	36

The net book value of IT equipment and software fixed assets includes an amount of £2,000 (2004: £22,000) in respect of assets held under finance leases. The related depreciation charge for the period was £12,000 (nine months ended 31 March 2004: £6,000).

12 Debtors

	2005 £'000	2004 £'000
Amounts falling due within one year		
Insurance broking debtors	-	250
Trade debtors	**11**	16
Prepayments and accrued income	**2**	40
Amounts due from group undertakings	**155**	62
Other debtors	-	3
	168	371

13 Cash at bank and in hand

Cash at bank and in hand includes £343,000 (2004: £402,000) held in segregated insurance broking accounts. These relate to premiums received from clients and undrawn commissions.

NOTES TO THE FINANCIAL STATEMENTS

14 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Trade creditors	-	40
Insurance broking creditors	-	454
Corporation tax	-	2
Other taxes and social security costs	3	-
Amounts due to group undertakings	168	254
Accruals and deferred income	66	81
Obligations under finance leases	3	12
	240	843

15 Creditors: amounts falling due after more than one year

	2005 £'000	2004 £'000
Obligations under finance leases		
Repayable between one and two years	-	3
	-	3

16 Called up share capital

	2005 £'000	2004 £'000
Authorised, allotted, issued and fully paid		
105,000 (2003: 105,000) ordinary shares of £1 each	**105**	105

17 Profit and loss account

	£'000
At 31 March 2004	**58**
Profit for the period	**227**
At 31 March 2005	**285**

18 Reconciliation of movement in equity shareholders' funds

	Year ended 31 March 2005 £'000	Nine months ended 31 March 2004 £'000
Profit for the period	**227**	(55)
Opening shareholder's funds	**163**	218
Closing shareholders' funds	**390**	163

19 Operating lease commitments

The Company has annual rental commitments under operating leases as follows:

	Land and buildings		Other	
	2005	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000
Expiry of lease within:				
One year	**-**	-	**-**	-
Two to five years	**20**	52	**10**	10
After five years	**-**	-	**-**	-
	20	52	**10**	10

20 Related party transactions

During the year Eaton House Limited, a Company of which C P Lockyer is a director and controlling shareholder, invoiced the Company £50 (2004: £nil) for office removal services. There were no balances outstanding at 31 March 2005 (2004: £nil). C P Lockyer is a director of the ultimate parent company.

During the year, the Company was invoiced £108,740 (9 months ended 31 March 2004: £59,264) for rent and service charges by Pinstone Securities, in which R B Sturdy has an interest. There were no balances outstanding at 31 March 2005 (2004: £nil). R B Sturdy was a director of the Company until 22 November 2004.

During the 9 months ending 31 March 2004, the Company also arranged insurance policies with the following companies in which R B Sturdy has an interest:

	Year ended 31 March 2005 £'000	Nine months ended 31 March 2004 £
Net sales/(refunds)		
Pinstone Securities Limited	**-**	51,345
Boynings	**-**	(1,219)
New Century Properties Limited	**-**	5,456
Zest Properties Limited	**-**	4,770
Lamron Commercial Developments Limited	**-**	2,847
Lamron Securities Limited	**-**	158
Lamron Estates Limited	**-**	604
Lamron Estate Pension Scheme	**-**	2,405

Advantage has been taken of the exemption provided in Financial Reporting Standard 8 from disclosing details of transactions with Berkeley Berry Birch plc and its subsidiaries. There are not considered to be any other related party transactions with the Company.

21 Cash flow statement

The Company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as it is consolidated in the financial statements of its ultimate parent company.

22 Parent company

At 31 March 2005 the Company's immediate and ultimate parent company was Berkeley Berry Birch plc, which is the parent company of the smallest and largest group to consolidate these financial statements.

Copies of the consolidated financial statements of Berkley Berry Birch plc are available from The Secretary, Berkeley Berry Birch plc, 1 Eaton House, Eaton Road, Coventry CV1 2 FJ.