

BDML CONNECT LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2004

Company Registration Number 2785540



A04
COMPANIES HOUSE

RAG645FW

0528
20/05/05

BDML CONNECT LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2004

CONTENTS	PAGE
Officers and professional advisers	1
Directors' report	2
Independent auditors' report to the shareholders	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

BDML CONNECT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Board of directors	A Ball A Dunn M Townsend
Company secretary	S Towns
Registered office	The Connect Centre Kingston Crescent North End Portsmouth Hampshire PO2 8QL
Auditors	Solomon Hare LLP Chartered Accountants Registered Auditors Oakfield House Oakfield Grove Clifton Bristol BS8 2BN
Bankers	Lloyds TSB Bank Plc PO Box 18436 39 Threadneedle Street London EC2R 8PT
Solicitors	DLA 3 Noble Street London EC2V 7EE

BDML CONNECT LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2004

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company during the year were the carrying on of business as insurance intermediaries and insurance agents for the transaction of insurance business. The company also provides instalment debt facilities to its insurance customers.

On 31 December 2004 the trade and net assets of Thornside Limited and Supatex Limited, fellow group companies, were transferred to BDML Connect Limited.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2004 £	2003 £
Dividends paid on ordinary shares	<u>2,150,000</u>	<u>1,000,000</u>

DIRECTORS

The directors who served the company during the year were as follows:

A Ball

A Dunn

M Townsend

(Appointed 23 September 2004)

The company is a wholly owned subsidiary. Any interests of the directors in the shares of the parent undertaking are disclosed in the financial statements of that company. M Townsend has no interest in the shares of the parent undertaking.

EMPLOYMENT OF DISABLED PERSONS

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of existing employees who may become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

EMPLOYEE INVOLVEMENT

The flow of information to staff has been maintained by our staff newsletter and internal memoranda. Members of the management team regularly discuss matters of current interest and concern to the business with members of staff.

BDML CONNECT LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2004

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 at the end of the year and of the profit or loss for the year then ended. 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 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. 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.

DONATIONS

During the year the company made the following charitable contributions:

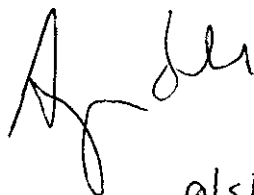
2004	2003
£	£
<u>2,293</u>	<u>1,540</u>

AUDITORS

In accordance with the provisions of section 386 of the Companies Act 1985 the company has dispensed with the obligation to appoint auditors annually. Solomon Hare LLP have expressed their willingness to continue in office.

Signed on behalf of the directors

A Ball
Director



Approved by the directors on 9/5/2005

BDML CONNECT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2004

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and 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 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 THE DIRECTORS AND THE 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. Our responsibilities do not extend to any other information.



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.

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 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.


SOLOMON HARE LLP
Chartered Accountants
Registered Auditors
Bristol


BDML CONNECT LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2004

	Note	2004 £	2003 £
TURNOVER	2	12,922,334	12,350,663
Cost of sales		(2,726,398)	(2,820,557)
GROSS PROFIT		10,195,936	9,530,106
Administrative expenses		(8,940,865)	(8,409,351)
OPERATING PROFIT	3	1,255,071	1,120,755
Income from shares in group undertakings	6	2,474	—
Interest receivable		97,655	63,697
Interest payable and similar charges	7	—	(20,848)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,355,200	1,163,604
Tax on profit on ordinary activities	8	(10,871)	8,476
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,344,329	1,172,080
Dividends	9	(2,150,000)	(1,000,000)
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>(805,671)</u>	<u>172,080</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 7 to 16 form part of these financial statements.

BDML CONNECT LIMITED

BALANCE SHEET

31 DECEMBER 2004

	Note	2004		2003	
		£	£	£	£
FIXED ASSETS					
Intangible assets	10		787,097		345,518
Tangible assets	11		863,905		691,463
Investments	12		1		-
			<u>1,651,003</u>		<u>1,036,981</u>
CURRENT ASSETS					
Securitised insurance debtors	13	24,372,263		11,941,766	
Less: non-returnable proceeds		<u>(20,767,341)</u>		<u>(10,687,883)</u>	
			3,604,922		1,253,883
Debtors	14		8,080,122		20,592,102
Cash at bank and in hand			8,617,060		769,806
			<u>20,302,104</u>		<u>22,615,791</u>
CREDITORS: Amounts falling due within one year	15		<u>(17,728,196)</u>		<u>(18,522,810)</u>
			2,573,908		4,092,981
PROVISIONS FOR LIABILITIES AND CHARGES:					
Unearned charges			<u>(2,072,433)</u>		<u>(2,109,213)</u>
NET CURRENT ASSETS			<u>501,475</u>		<u>1,983,768</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,152,478</u>		<u>3,020,749</u>
CREDITORS: Amounts falling due after more than one year	16		64,645		128,616
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	18		10,472		9,101
			<u>75,117</u>		<u>137,717</u>
CAPITAL AND RESERVES					
Called-up equity share capital	21	100,000		100,000	
Profit and loss account	22	<u>1,977,361</u>		<u>2,783,032</u>	
EQUITY SHAREHOLDERS' FUNDS	23		<u>2,077,361</u>		<u>2,883,032</u>
			<u>2,152,478</u>		<u>3,020,749</u>

These financial statements were approved by the directors on 9.5.05 and are signed on their behalf by:

A Dunn
Director

The notes on pages 7 to 16 form part of these financial statements.

BDML CONNECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

As disclosed in the directors' report the trade, assets and liabilities of Thornside Limited and Supatex Limited, fellow group companies, were transferred to BDML Connect Limited on 31 December 2004. The accounts have been prepared to reflect this.

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.

Turnover

Turnover represents the value of brokerage commissions receivable in respect of policies written and placed on risk during the year, and instalment debt interest receivable, which is recognised across the period of cover.

Goodwill

The company recognises goodwill arising from the cost of acquiring a book of business. Amortisation 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:

Goodwill - over 3 to 7 years

Impairment of goodwill

The impairment of goodwill is determined by reference to: The post-tax net realisable value of the goodwill; and the value of the goodwill in use. The value in use is determined by reference to the discounted future cash flows which are anticipated to be generated by the goodwill. Any impairment in value is charged to the profit and loss account.

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:

Fixtures & Fittings	- 20% straight line
Office Equipment	- 15% straight line
Furniture	- 20% straight line
IT Equipment	- 15% straight line
Motor vehicles	- 33% straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

BDML CONNECT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2004**

1. ACCOUNTING POLICIES *(continued)***Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Pension costs

The company operates a matched contribution personal pension scheme where the company contributes an amount matching the contribution made by the staff member. In addition, the company does fund the pension contributions of some of its senior employees. Accordingly, the contributions are charged to the profit and loss account as they are incurred.

Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred taxation balance has not been discounted.

Substance of transactions

The balance sheet includes certain trading balances in respect of a business service provided to a client. While some balances are not assets or liabilities of the company, as it does not bear the risks and rewards of ownership, they are shown in the balance sheet because, in the opinion of the directors, it more accurately reflects the substance of the whole transactions undertaken. This has no impact on net assets or profit of the company.

2. TURNOVER

Turnover is attributable to the principal activities of the company arising solely in the United Kingdom. An analysis of turnover and profit before taxation between each major class of business has not been provided.

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2004	2003
	£	£
Amortisation	230,268	230,628
Depreciation of owned fixed assets	235,281	253,202
Profit on disposal of fixed assets	—	(1,400)
Auditors' remuneration		
- as auditors	27,650	23,500
- for other services	25,371	12,000
Operating lease costs:		
Land and buildings	<u>432,789</u>	<u>412,508</u>

BDML CONNECT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2004**

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2004	2003
	No	No
Operations and Management	<u>298</u>	<u>320</u>

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	4,828,033	4,686,067
Social security costs	428,269	397,674
Other pension costs	43,239	43,954
Other staff costs	<u>22,370</u>	<u>20,852</u>
	<u>5,321,911</u>	<u>5,148,547</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2004	2003
	£	£
Emoluments receivable	295,205	300,206
Value of company pension contributions to money purchase schemes	—	4,667
	<u>295,205</u>	<u>304,873</u>

Emoluments of highest paid director:

	2004	2003
	£	£
Total emoluments (excluding pension contributions)	<u>202,302</u>	<u>246,453</u>

The number of directors accruing benefits under money purchase schemes was nil (2003 - 1).

6. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2004	2003
	£	£
Income from group undertakings	<u>2,474</u>	<u>—</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Interest payable on bank borrowing	—	11,150
Other similar charges payable	—	9,698
	<u>—</u>	<u>20,848</u>

BDML CONNECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2004 £	2003 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	9,506	—
Over/under provision in prior year	(6)	127
Total current tax	9,500	127
Deferred tax:		
Origination and reversal of timing differences (note 18)		
Capital allowances	1,371	(8,603)
Tax on profit on ordinary activities	10,871	(8,476)

(b) Factors affecting current tax charge

The UK standard rate of corporation tax is 30% (2003: 30%), whereas the current tax assessed for the year ended 31 December 2004 as a percentage of profit before tax is 0.8% (2003: 0%). The reasons for this difference are explained below:

	2004 %	2003 %
Current tax on profit on ordinary activities calculated at the standard rate of corporation tax in the UK of 30%	30	30
Depreciation for the year in excess of capital allowances	(0.5)	1.3
Expenses not deductible for tax purposes	5.9	6.4
Timing differences	(0.2)	0.8
Group relief	(34)	(38.5)
Small companies' relief	(0.4)	—
Total current tax (note 8(a))	0.8	—

9. DIVIDENDS

The following dividends have been paid in respect of the year:

	2004 £	2003 £
Dividend paid on ordinary shares	2,150,000	1,000,000

BDML CONNECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

10. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2004	1,612,000
Transfers	732,924
At 31 December 2004	<u>2,344,924</u>
AMORTISATION	
At 1 January 2004	1,266,482
Charge for the year	230,268
Transfers	61,077
At 31 December 2004	<u>1,557,827</u>
NET BOOK VALUE	
At 31 December 2004	<u>787,097</u>
At 31 December 2003	<u>345,518</u>

11. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Office Equipment £	Furniture £	IT Equipment £	Motor Vehicles £	Total £
COST						
At 1 January 2004	104,934	776,368	278,658	1,632,330	–	2,792,290
Additions	6,416	156,113	9,827	206,405	–	378,761
Disposals	(1,200)	–	–	–	–	(1,200)
Transfers	3,038	16,515	–	–	29,400	48,953
At						
31 December 2004	<u>113,188</u>	<u>948,996</u>	<u>288,485</u>	<u>1,838,735</u>	<u>29,400</u>	<u>3,218,804</u>
DEPRECIATION						
At 1 January 2004	60,460	428,834	207,930	1,403,603	–	2,100,827
Charge for the year	13,720	111,292	25,474	84,795	–	235,281
Transfers	2,176	9,334	–	–	7,281	18,791
At						
31 December 2004	<u>76,356</u>	<u>549,460</u>	<u>233,404</u>	<u>1,488,398</u>	<u>7,281</u>	<u>2,354,899</u>
NET BOOK VALUE						
At						
31 December 2004	<u>36,832</u>	<u>399,536</u>	<u>55,081</u>	<u>350,337</u>	<u>22,119</u>	<u>863,905</u>
At						
31 December 2003	<u>44,474</u>	<u>347,534</u>	<u>70,728</u>	<u>228,727</u>	<u>–</u>	<u>691,463</u>

Hire purchase agreements

Included within the net book value of £863,905 is £22,119 (2003 - £nil) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £nil (2003 - £nil).

BDML CONNECT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2004**

12. INVESTMENTS

	Unlisted investments £
COST	
Additions	1
At 31 December 2004	<u>1</u>
NET BOOK VALUE	
At 31 December 2004	<u>1</u>

During the year the company acquired the entire share capital of Supatex Limited, a company incorporated in the United Kingdom, for total consideration of £1.

The principal activity of Supatex Limited is the carrying on of business as an insurance intermediary. The results of the subsidiary for the period ended 31 December 2004 are:

Profit for the period	£2,474
Capital and reserves	£1

13. INSURANCE DEBTORS SUBJECT TO A SECURITISATION AGREEMENT

In October 2003, the company entered into an agreement to securitise customer receivables which derive from the provision of instalment credit facilities to insurance customers of the company.

The company sells the receivables, with no immediate impact on the profit and loss account, for cash to a third party that takes on the rights and responsibilities of the asset. The terms of the agreement under which this takes place includes provisions that the purchaser has no recourse to BDML Connect Limited. The company is not obliged to support any losses, nor does it intend to.

Principal and interest is repayable from the customer receivables. At 31 December 2004 the amount of customer receivables covered by this agreement was £24,372,263 (2003 - £11,941,766) raising the funds of £20,767,341 (2003 - £10,687,883) and this is shown on the balance sheet using linked presentation.

There exists a charge over the company's assets but limited to the amount of collections made by the company on behalf of the purchaser of the receivables. The total value of these collections as at 31 December 2004 was £3,082,980 (2003 - £947,760).

BDML CONNECT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2004****14. DEBTORS**

	2004	2003
	£	£
Trade debtors	5,636,395	17,040,020
Amounts owed by group undertakings	1,228,711	2,702,845
Other debtors	541,863	126,978
Prepayments and accrued income	673,153	722,259
	<u>8,080,122</u>	<u>20,592,102</u>

Included within prepayments is an amount of £nil (2003 - £139,916) due after more than one year.

15. CREDITORS: Amounts falling due within one year

	2004	2003
	£	£
Bank loans and overdrafts	131,175	779,799
Bank overdraft in respect of premium financing	—	10,000,000
Trade creditors	233,403	134,249
Insurer balances	13,270,599	6,493,294
Amounts owed to group undertakings	454,681	282,010
Corporation tax	256,878	—
PAYE and social security	167,013	124,293
Hire purchase creditor	5,084	—
Other creditors	2,232,259	518,267
Accruals and deferred income	977,104	190,898
	<u>17,728,196</u>	<u>18,522,810</u>

Bank borrowings are secured by a fixed and floating charge over the assets of the company dated 4 February 2003.

During the year, the company repaid the overdraft of £10,000,000 after entering into an agreement to securitise further customer receivables.

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

	2004	2003
	£	£
Accruals and deferred income	49,794	128,616
Hire purchase creditor	14,851	—
	<u>64,645</u>	<u>128,616</u>

17. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2004	2003
	£	£
Amounts payable within 1 year	5,084	—
Amounts payable between 1 and 2 years	5,083	—
Amounts payable between 2 and 5 years	9,768	—
	<u>19,935</u>	<u>—</u>

BDML CONNECT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2004****18. DEFERRED TAXATION**

	2004 £	2003 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	9,101	17,704
Profit and loss account movement arising during the year	1,371	(8,603)
Provision carried forward	<u>10,472</u>	<u>9,101</u>

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

	2004 £	2003 £
Excess of taxation allowances over depreciation on fixed assets	10,472	9,101
	<u>10,472</u>	<u>9,101</u>

19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2004 £	2003 £
Operating leases which expire:		
Within 2 to 5 years	235,000	—
After more than 5 years	—	235,000
	<u>235,000</u>	<u>235,000</u>

20. RELATED PARTY TRANSACTIONS

The company entered into transactions with related parties in the ordinary course of business during the year.

During the year, the company made purchases of £535,280 (2003 - £141,499) from Ultimate Insurance Solutions Limited, a fellow subsidiary. The company also made sales totalling £790,496 (2003 - £547,541) to Ultimate Insurance Solutions Limited during the year. At the year end a balance of £92,860 (2003 - £68,883) was owed to Ultimate Insurance Solutions Limited, and £172,283 (2003 - £nil) was owed from Ultimate Insurance Solutions Limited.

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, 'Related Party Transactions', not to disclose any transactions with fellow subsidiaries that are included in the consolidated financial statements of BDML Group Limited.

BDML CONNECT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2004**

21. SHARE CAPITAL**Authorised share capital:**

	2004 £	2003 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2004 No	£	2003 No	£
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

22. PROFIT AND LOSS ACCOUNT

	2004 £	2003 £
Balance brought forward	2,783,032	2,610,952
(Accumulated loss)/retained profit for the financial year	<u>(805,671)</u>	<u>172,080</u>
Balance carried forward	<u>1,977,361</u>	<u>2,783,032</u>

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the financial year	1,344,329	1,172,080
Dividends	<u>(2,150,000)</u>	<u>(1,000,000)</u>
	<u>(805,671)</u>	<u>172,080</u>
Opening shareholders' equity funds	<u>2,883,032</u>	<u>2,710,952</u>
Closing shareholders' equity funds	<u>2,077,361</u>	<u>2,883,032</u>

24. ULTIMATE PARENT COMPANY

At 31 December 2004 the company's ultimate parent company was BDML Group Limited (previously known as BDML Holdings Limited) which is the parent of both the smallest and largest groups of which the company is a member.

In the opinion of the directors there is no ultimate controlling party. Copies of the consolidated financial statements of BDML Group Limited are available from Companies House.

BDML CONNECT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2004**

25. ACQUISITION OF BUSINESSES

On 31 December 2004 the company acquired the trade, assets and liabilities of Thornside Limited and Supatex Limited at book value. Supatex Limited is a wholly owned subsidiary of BDML Connect Limited and Thornside Limited is a fellow subsidiary of the company.

The following assets and liabilities were acquired at book value, which in the opinion of the directors was also the fair value of the assets acquired.

	Thornside Limited £	Supatex Limited £
Tangible fixed assets	30,162	—
Intangible fixed assets	—	671,847
Debtors and prepayments	1,192,448	1
Cash at bank and in hand	1,031,653	—
Creditors	(1,802,057)	(669,373)
Net assets acquired	<u>452,206</u>	<u>2,475</u>

The results of Thornside Limited, at the time of acquisition were:

	Year to 31 December 2004 £	Year to 31 December 2003 £
Turnover	3,151,449	1,851,355
Gross profit	1,274,346	703,526
Operating profit	789,186	333,470
Taxation	(247,208)	(109,178)
Dividends paid	(861,928)	(235,566)
Retained profit	(287,828)	4,231

Supatex Limited was incorporated on 29 June 2004 and commenced trading in October 2004. In the period to 31 December 2004 Supatex Limited had turnover of £64,131 resulting in a profit before taxation of £3,054 and taxation of £580.