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Company Registration No. 2890236 (England and Wales)

RIXON MATTHEWS APPLEYARD LIMITED
REPORTS AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2004



RIXON MATTHEWS APPLEYARD LIMITED

COMPANY INFORMATION

Directors	R S Johnson J D Mutch J Whiteley I Laycock R N Gillingwater
Secretary	I Laycock
Company number	2890236
Registered office	Estuary Business Park Henry Boot Way Priory East Park East Hull East Yorkshire HU4 7DY
Auditors	Barber Harrison & Platt 2 Rutland Park Sheffield S10 2PD
Business address	Estuary Business Park Henry Boot Way Priory East Park East Hull East Yorkshire HU4 7DY
Bankers	Barclays Bank P.O. Box 1385 2 Arena Court SHEFFIELD S9 2WU

RIXON MATTHEWS APLEYARD LIMITED

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RIXON MATTHEWS APLEYARD LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report and financial statements for the year ended 31 December 2004.

Principal activities and review of the business

The principal activity of the company continued to be that of general insurance broking.

2004 was a successful year in the opinion of the directors.

Results and dividends

The results for the year are set out on page 4.

An interim dividend of £914,608 was paid during the year.

Future developments

The directors' aim for the coming year is to continue to increase both turnover and profits.

Directors

The following directors have held office since 1 January 2004:

R S Johnson
J D Mutch
J Whiteley
I Laycock
R N Gillingwater

Directors' interests

R S Johnson, J D Mutch, J Whiteley and I Laycock are also directors of the parent undertaking, ProActive Risk Group Limited, and their interest in the shares of the parent undertaking are shown in the accounts of that company.

	Ordinary Shares of £ 1 each	
	31 December 2004	1 January 2004
R S Johnson	-	-
J D Mutch	-	-
J Whiteley	-	-
I Laycock	-	-
R N Gillingwater	-	-

	'A' Ordinary Shares of £ 1 each	
	31 December 2004	1 January 2004
R S Johnson	-	-
J D Mutch	-	-
J Whiteley	-	-
I Laycock	-	-
R N Gillingwater	-	-

	Redeemable Preference Shares of £ 1 each	
	31 December 2004	1 January 2004
R S Johnson	-	-
J D Mutch	-	-

RIXON MATTHEWS APLEYARD LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

J Whiteley	-	-
I Laycock	-	-
R N Gillingwater	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Barber Harrison & Platt be reappointed as auditors of the company will be put to the Annual General Meeting.


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 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;
- 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.

On behalf of the board



I Laycock

Director

17 June 2005

RIXON MATTHEWS APLEYARD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RIXON MATTHEWS APLEYARD LIMITED

We have audited the financial statements of Rixon Matthews Appleyard Limited on pages 4 to 15 for the year ended 31 December 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 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.

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.



Barber Harrison & Platt

20 June 2005

Chartered Accountants
Registered Auditor

2 Rutland Park
Sheffield
S10 2PD

RIXON MATTHEWS APPLEYARD LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 £
Turnover	2	2,378,699	741,854
Administrative expenses		(1,922,428)	(571,838)
Operating profit	3	456,271	170,016
Costs of reorganisation		(99,185)	-
Profit on ordinary activities before interest		357,086	170,016
Investment income	4	-	872,017
Other interest receivable and similar income	4	62,159	10,443
Profit on ordinary activities before taxation		419,245	1,052,476
Tax on profit on ordinary activities	5	(153,147)	(40,400)
Profit on ordinary activities after taxation		266,098	1,012,076
Dividends	6	(914,608)	(197,466)
Retained (loss)/profit for the year	17	(648,510)	814,610

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

RIXON MATTHEWS APLEYARD LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Intangible assets	7		36,000		39,000
Tangible assets	8		296,709		153,518
Investments	9		740,471		1,305,168
			<u>1,073,180</u>		<u>1,497,686</u>
Current assets					
Debtors	10	1,060,895		1,641,303	
Investments	11	1,764,132		1,735,823	
		<u>2,825,027</u>		<u>3,377,126</u>	
Creditors: amounts falling due within one year	12	<u>(2,914,330)</u>		<u>(3,101,759)</u>	
Net current (liabilities)/assets			<u>(89,303)</u>		<u>275,367</u>
Total assets less current liabilities			983,877		1,773,053
Creditors: amounts falling due after more than one year	13		(417,577)		(573,273)
Provisions for liabilities and charges	14		<u>(19,500)</u>		<u>(4,470)</u>
			<u>546,800</u>		<u>1,195,310</u>
Capital and reserves					
Called up share capital	16		50,700		50,700
Other reserves	17		330,000		330,000
Profit and loss account	17		166,100		814,610
Shareholders' funds - equity interests	18		<u>546,800</u>		<u>1,195,310</u>

The financial statements were approved by the Board on 17 June 2005

R S Johnson
Director


I Laycock
Director



RIXON MATTHEWS APPELEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Turnover

Turnover represents amounts received and receivable for services supplied to clients during the year. General commission is recognised on all premiums with an inception date in the year.

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	10% to 25% on cost
Motor vehicles	25% reducing balance
Computer equipment	25% on cost

1.5 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Current asset investments are stated at the lower of cost and net realisable value.

1.7 Pensions

The company makes contributions to a group personal pension scheme. All pension costs are charged in the year in which they are incurred.

1.8 Deferred taxation

Deferred tax 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 tax balance has not been discounted.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

RIXON MATTHEWS APPLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

3	Operating profit	2004	2003
		£	£
	Operating profit is stated after charging:		
	Amortisation of intangible assets	3,000	1,000
	Depreciation of tangible assets	55,909	10,938
	Operating lease rentals	77,445	20,633
	Auditors' remuneration	7,000	6,660
	and after crediting:		
	Profit on disposal of tangible assets	(861)	-
		<hr/>	<hr/>
4	Investment income	2004	2003
		£	£
	Income from shares in group undertakings	-	872,017
	Bank interest	62,159	10,443
		<hr/>	<hr/>
		62,159	882,460
		<hr/>	<hr/>

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

5	Taxation	2004 £	2003 £
	Domestic current year tax		
	U.K. corporation tax	123,000	40,400
	Adjustment for prior years	15,117	-
		<hr/>	<hr/>
	Current tax charge	138,117	40,400
	Deferred tax		
	Deferred tax charge/credit current year	15,030	-
		<hr/>	<hr/>
		153,147	40,400
		<hr/>	<hr/>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	419,245	1,052,476
		<hr/>	<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	125,774	315,743
		<hr/>	<hr/>
	Effects of:		
	Non deductible expenses	5,803	1,290
	Depreciation add back	26,085	3,581
	Capital allowances	(34,637)	(3,539)
	Dividends and distributions received	-	(261,605)
	Other tax adjustments	15,092	(15,070)
		<hr/>	<hr/>
		12,343	(275,343)
		<hr/>	<hr/>
	Current tax charge	138,117	40,400
		<hr/>	<hr/>
6	Dividends	2004 £	2003 £
	Ordinary interim paid	914,608	197,466
		<hr/>	<hr/>

RIXON MATTHEWS APPLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

7 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 January 2004 & at 31 December 2004	61,000
Amortisation	
At 1 January 2004	22,000
Charge for the year	3,000
At 31 December 2004	25,000
Net book value	
At 31 December 2004	36,000
At 31 December 2003	39,000

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

8 Tangible fixed assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At 1 January 2004	236,617	167,607	404,224
Additions	158,380	120,848	279,228
Disposals	(174,740)	(120,262)	(295,002)
	<u>220,257</u>	<u>168,193</u>	<u>388,450</u>
At 31 December 2004			
Depreciation			
At 1 January 2004	175,216	75,490	250,706
On disposals	(143,260)	(71,614)	(214,874)
Charge for the year	26,640	29,269	55,909
	<u>58,596</u>	<u>33,145</u>	<u>91,741</u>
At 31 December 2004			
Net book value			
At 31 December 2004	<u>161,661</u>	<u>135,048</u>	<u>296,709</u>
At 31 December 2003	<u>61,401</u>	<u>92,117</u>	<u>153,518</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Net book values			
At 31 December 2004	<u>91,265</u>	<u>120,427</u>	<u>211,692</u>
At 31 December 2003	<u>24,962</u>	<u>82,291</u>	<u>107,253</u>
Depreciation charge for the year			
At 31 December 2004	<u>13,086</u>	<u>17,847</u>	<u>30,933</u>
At 31 December 2003	<u>1,288</u>	<u>7,468</u>	<u>8,756</u>

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

9 Fixed asset investments

	Shares in group undertakings and participating interests £	Loans to group undertakings and participating interests £	Total £
Cost			
At 1 January 2004	1,035	1,304,133	1,305,168
Transfer	-	(564,697)	(564,697)
	<u>1,035</u>	<u>739,436</u>	<u>740,471</u>
At 31 December 2004	<u>1,035</u>	<u>739,436</u>	<u>740,471</u>

The company's investment in the above subsidiaries is shown net of the inter-company loans as, in the directors' opinion, this presentation is necessary to give a true and fair view of the company's state of affairs.

10 Debtors	2004 £	2003 £
Insurance broking debtors	953,184	1,516,905
Amounts owed by parent and fellow subsidiary undertakings	-	23,612
Other debtors	33,162	52,703
Prepayments and accrued income	74,549	48,083
	<u>1,060,895</u>	<u>1,641,303</u>

11 Cash at bank and in hand	2004 £	2003 £
Office cash at bank and in hand	69,842	27,663
Insurance broking cash at bank	1,694,290	1,708,160
	<u>1,764,132</u>	<u>1,735,823</u>

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

12 Creditors: amounts falling due within one year	2004 £	2003 £
Bank loans and overdrafts	-	47,908
Net obligations under finance leases	73,960	28,726
Insurance broking creditors	2,488,342	2,740,336
Trade creditors	16,967	25,184
Corporation tax	123,000	140,171
Other taxes and social security costs	47,912	46,781
Accruals and deferred income	164,149	72,653
	<u>2,914,330</u>	<u>3,101,759</u>
13 Creditors: amounts falling due after more than one year	2004 £	2003 £
Amounts owed to subsidiary undertaking	328,061	564,697
Net obligations under finance leases	89,516	8,576
	<u>417,577</u>	<u>573,273</u>
Net obligations under finance leases		
Repayable within one year	73,960	28,726
Repayable between one and five years	89,516	8,576
	<u>163,476</u>	<u>37,302</u>
Included in liabilities falling due within one year	(73,960)	(28,726)
	<u>89,516</u>	<u>8,576</u>

The amount owed to subsidiary undertaking has no set repayment terms and is interest free.

RIXON MATTHEWS APPLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

14 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 January 2004	4,470
Profit and loss account	19,500
	<hr/>
Balance at 31 December 2004	19,500
	<hr/>

The deferred tax liability is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	19,500	4,470
	<hr/>	<hr/>

15 Pension costs

Defined contribution

The company operates a Group Personal Pension scheme on behalf of employees and directors.

	2004 £	2003 £
Contributions payable by the company for the year	81,943	24,835
	<hr/>	<hr/>

16 Share capital

	2004 £	2003 £
Authorised		
35,490 Ordinary Shares of £1 each	35,490	35,490
15,210 'A' Ordinary Shares of £1 each	15,210	15,210
350,000 Redeemable Preference Shares of £1 each	350,000	350,000
	<hr/>	<hr/>
	400,700	400,700
	<hr/>	<hr/>
Allotted, called up and fully paid		
35,490 Ordinary Shares of £1 each	35,490	35,490
15,210 'A' Ordinary Shares of £1 each	15,210	15,210
	<hr/>	<hr/>
	50,700	50,700
	<hr/>	<hr/>

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

17 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2004	330,000	814,610
Retained loss for the year	-	(648,510)
Balance at 31 December 2004	<u>330,000</u>	<u>166,100</u>
Other reserves		
Capital redemption reserve		
Balance at 1 January 2004 & at 31 December 2004	<u>330,000</u>	

18 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	266,098	1,012,076
Dividends	(914,608)	(197,466)
Net (depletion in)/addition to shareholders' funds	(648,510)	814,610
Opening shareholders' funds	<u>1,195,310</u>	<u>380,700</u>
Closing shareholders' funds	<u>546,800</u>	<u>1,195,310</u>

19 Financial commitments

At 31 December 2004 the company was committed to making the following payments under non-cancellable operating leases in the year 31 December 2005:

	Land and buildings		Other	
	2004 £	2003 £	2004 £	2003 £
Operating leases which expire:				
Between two and five years	68,000	4,347	10,661	8,976
In over five years	-	20,000	-	1,589
	<u>68,000</u>	<u>24,347</u>	<u>10,661</u>	<u>10,565</u>

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

20 Directors' emoluments	2004 £	2003 £
Emoluments for qualifying services	255,536	53,727
Company pension contributions to money purchase schemes	21,240	7,502
	<u>276,776</u>	<u>61,229</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2003 - 5).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>104,103</u>	<u>-</u>
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21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2004 Number	2003 Number
Insurance broking and administration	<u>45</u>	<u>42</u>

Employment costs

	2004 £	2003 £
Wages and salaries	1,054,553	315,322
Social security costs	27,239	14,261
Other pension costs	81,943	24,835
	<u>1,163,735</u>	<u>354,418</u>

22 Control

The company's parent undertaking is ProActive Risk Group Limited.

23 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the parent undertaking.