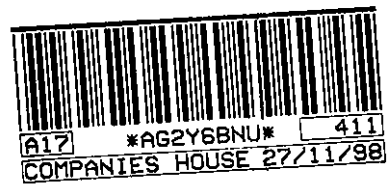


Company Registration Number: -3231094

Budget Insurance Services Limited
Accounts
Year Ended 30th June 1998



Budget Insurance Services Limited
Directors and Officers

Year Ended 30th June 1998

Directors

S Klinkert
P A Winslow
I R Leech

Secretary

Cornhill Secretaries Limited

Registered Office

Budget House
Bretton Way
Bretton
Peterborough
PE3 8BG

Auditors

Moore Stephens
Chartered Accountants
St Paul's House
Warwick Lane
London
EC4P 4BN

Budget Insurance Services Limited
Report of the Directors

Year Ended 30th June 1998

The Directors present their report with the audited financial statements for the year ended 30th June 1998.

Activities and business review

The company is an insurance intermediary in the UK. During the year, the company introduced potential policyholders to a panel of insurers including a related company, Budget Insurance Company Limited. The development of a high quality panel of insurers has been key to the rapid development of the company, with in excess of 125,000 customers acquired during the year.

During the year the company has invested significantly in development, particularly in marketing including the introduction of TV and radio advertising.

The loss on ordinary activities for the year ended 30th June 1998 was £4,875,724.

The Directors do not recommend the payment of a dividend for the year.

Future developments

The company will continue to expand its' operations through an increase in the range of products offered to current and potential clients.

Year 2000

The Directors have reviewed the risks associated with the year 2000, both with regard to internal use of computer systems and embedded chips and in connection with relationships to third parties. They are satisfied that no significant problems will arise. The costs associated with Year 2000 compliance are not material. The company will continue to monitor for potential problems associated with the year 2000 and establish action programmes as appropriate.

Directors

There have been no changes in the Board of Directors during the year and none of the Directors had any interest in the share capital of the company at any time during the year

Charitable and other donations

The total amount given for charitable purposes by the company during the year was £2,056. No political donations were made.

Auditors

The auditors Messrs. Moore Stephens, are willing to continue in office. A resolution for their reappointment and authorising the Directors to fix their remuneration will be submitted to the forthcoming Annual General Meeting.

By the Order of the Board
Cornhill Secretaries Limited
Secretary

M. Johnson

Budget Insurance Services Limited
Statement of Directors' Responsibilities

Year Ended 30th June 1998

Company law requires the directors to prepare financial statements for each financial year, which comply with the provisions of the Companies Act 1985. 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 ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the company and which will 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 to prevent and detect fraud and other irregularities.

Budget Insurance Services Limited

Year Ended 30th June 1998

Auditor's Report to the Shareholders of Budget Insurance Company Limited

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention modified to incorporate investments at market valuation and the accounting policies set out on page 6.

Respective responsibilities of Directors and Auditors

As described on page 4 the company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 financial statements. It also includes an assessment of 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 affairs of the company at 30th June 1998 and of the results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St Paul's House
Warwick Lane
London, EC4P 4BN

Moore Stephens
Moore Stephens
Registered Auditor
Chartered Accountants

9 November 1998

Budget Insurance Services Limited
Profit and Loss Account

Year Ended 30th June 1998

	Note	1998 £	1997 £
Turnover	1	9,049,547	-
Operating Expenses	2	(14,048,856)	(285,023)
Operating Loss		(4,999,309)	(285,023)
Interest Receivable		218,719	10,538
Interest Payable		(95,134)	-
Loss on ordinary activities before taxation		(4,875,724)	(274,485)
Tax on ordinary activities	5	-	-
Retained loss for the financial year		(4,875,724)	(274,485)
Loss brought forward		(274,485)	-
Loss carried forward		(5,150,209)	(274,485)

The company had no recognised gains or losses other than those included in the profit and loss account set out above, and therefore no separate statement of total recognised gains and losses has been prepared.

The above results are derived from continuing activities.

The accompanying notes are an integral part of this profit and loss account.

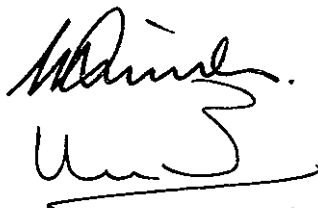
Budget Insurance Services Limited**Year Ended 30th June 1998****Balance Sheet**

	Note	1998 £	1997 £
Current assets			
Debtors	6	19,857,528	7,600,000
Cash at bank and in hand		-	146,981
Total current assets		<u>19,857,528</u>	<u>7,746,981</u>
Creditors : amounts falling due within one year	7	(17,007,737)	(21,466)
Net current assets		<u>2,849,791</u>	<u>7,725,515</u>
Equity share capital & reserves			
Called up equity share capital	8	8,000,000	8,000,000
Profit & Loss account		(5,150,209)	(274,485)
Equity shareholders' funds		<u>2,849,791</u>	<u>7,725,515</u>

The financial statements were approved by the Board of Directors on 5 November 1998

P A Winslow Managing Director

I R Leech Finance Director



1. Principal Accounting Policies

a) Accounting Convention

These financial statements have been prepared in accordance with the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies, which the Directors have adopted within that convention, are set out below.

b) Turnover

Turnover consists of commission and fees on insurance business transacted. Credit is taken for fees when charged and commission when the policy is inception subject to a deferral of income to future periods in respect of future costs and charges. Alterations in brokerage arising from premium adjustments are accounted for when such payments are made. The turnover and loss on ordinary activities are attributable to the company's principal activity.

c) Taxation

The taxation charge in the profit and loss account includes deferred taxation on timing differences other than those likely to continue in the foreseeable future.

d) Cash Flow Statement

The company is exempt from the requirement of Financial Reporting Standard No 1 (Revised) to produce a cash flow statement, as its parent company prepares consolidated financial statements.

Budget Insurance Services Limited
Notes to The Financial Statements

Year Ended 30th June 1998

	1998 £	1997 £
2. Other operating expenses		
Other operating expenses include the following: -		
Auditors remuneration :		
Audit	12,500	1,000
Other Services	5,000	-
	<hr/>	<hr/>
3. Employees		
The average number of staff employed by the company, including Directors, was 313 (1997-3).		
The costs incurred in respect of these employees were: -		
Wages and Salaries	4,963,455	84,611
Social Security Costs	446,993	8,461
Pension Costs	79,518	367
	<hr/>	<hr/>
	5,489,966	93,439
4. Directors emoluments		
The emoluments of Directors, all of whom are also Directors of the immediate parent company, Budget Group Limited are dealt with in the accounts of that company.		
5. Taxation		
Due to the availability of tax losses no provision is made in these financial statements for either corporation tax or deferred tax.		
6. Debtors		
Trade Debtors	12,007,832	-
Amounts owed by holding company	7,753,039	7,600,000
Amounts owed by other group companies	-	-
Prepayments and accrued income	202	-
Other debtors	96,455	-
	<hr/>	<hr/>
	19,857,528	7,600,000
7. Creditors : amounts falling due within one year		
Bank loans and overdrafts	9,525,430	-
Trade creditors	4,087,209	-
Amounts owed to fellow subsidiaries	2,527,193	9,176
Accruals and deferred income	593,061	12,290
Other creditors	274,844	-
	<hr/>	<hr/>
	17,007,737	21,466
8. Equity share capital		
Authorised 10,000,000 Ordinary shares of £1 each	<hr/>	<hr/>
	10,000,000	10,000,000
Allotted, issued and fully paid 8,000,000 Ordinary shares of £1 each	<hr/>	<hr/>
	8,000,000	8,000,000
9. Reconciliation of movements in equity shareholders funds		
Profit/(loss) for the financial year	(4,875,724)	(274,485)
New share capital subscribed	-	8,000,000
Net addition to equity shareholders' funds	<hr/>	<hr/>
	(4,875,724)	7,725,515
Opening equity shareholders' funds	7,725,515	-
Closing equity shareholders' funds	<hr/>	<hr/>
	2,849,791	7,725,515

10. Related Parties

The company is exempt from disclosure requirements in respect of intra group transactions, which are dealt with in the consolidated accounts of the holding company, Budget Group Limited.

The accounts of the company are consolidated into those of the parent company, Budget Group Limited, which is incorporated in England and Wales.

The director's regard Reef Holdings Limited, incorporated in Guernsey, as the ultimate holding company, which is wholly owned by The Concrete Trust.