

CREDIT INSURANCE CONSULTANTS LIMITED

REPORT AND FINANCIAL STATEMENTS

30 APRIL 2004

(Company Registration Number: 3269013)



CREDIT INSURANCE CONSULTANTS LIMITED

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CREDIT INSURANCE CONSULTANTS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

30 APRIL 2004

DIRECTORS

Mr. G G Cook, FCII	(Chairman)	
Mr. T G Rees, MIEEx (Grad) MICM	(Managing)	(Resigned 31 August 2004)
Mr. P C Meehan, FCII		(Resigned 31 August 2004)
Mr. I L Shay, ACA		
Mr. M Fleeman, BA FHD		(Appointed 1 May 2003, Resigned 31 August 2004)

SECRETARY

Mr. I L Shay, ACA

REGISTERED OFFICE

4-6 Ripon Road
Harrogate
HG1 2HH

BANKERS

The Royal Bank of Scotland
7 Cambridge Crescent
Harrogate
HG1 1PH

SOLICITORS

Pinsents
1 Park Row
Leeds
LS1 5AB

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
1 City Square
Leeds
LS1 2AL

CREDIT INSURANCE CONSULTANTS LIMITED

DIRECTORS' REPORT

30 APRIL 2004

The directors present their annual report and the audited financial statements for the year ended 30 April 2004.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of credit insurance brokers and consultants.

REVIEW OF BUSINESS AND POST BALANCE SHEET EVENTS

Considering the company is still a relative newcomer to the credit insurance industry the directors are happy with the trading performance of the company.

On 1 July 2004 Smart & Cook Group Limited, the immediate parent company, purchased 100% of the issued share capital of Credit Insurance Brokers (UK) Limited. As Credit Insurance Brokers (UK) Limited is a well established name in the industry, it was decided to merge the existing Credit Insurance Consultants Limited business into that of Credit Insurance Brokers (UK) Limited, which with effect from 30 June 2004 has rendered Credit Insurance Consultants Limited a dormant company.

PROFITS AND DIVIDENDS

The loss for the year after taxation amounted to £72,199 (2003: £215,581).

No dividend was paid or proposed in the current year or preceding period.

The Directors recommend that the loss be transferred to reserves.

FIXED ASSETS

Movements in fixed assets are set out in note 6 to the accounts.

CHANGE OF ULTIMATE OWNERSHIP

On 8 March 2004 Smart & Cook Holdings Limited purchased 100% of the issued share capital in Thornton Grove (Holdings) Limited, thus becoming the ultimate parent company of Credit Insurance Consultants Limited.

DIRECTORS

The directors who have served at any time since 1 May 2003 are shown on page 1.

Directors & Officers insurance has been maintained from commencement of trading.

DIRECTORS' INTERESTS

The directors of the company, their wives, and children under 18 years of age, had no interests in the company at any time during the year. The interests of Mr. Cook, Mr. Meehan and Mr. Shay in the shares of the ultimate parent company and in Thornton Grove (Holdings) Limited, an intermediate parent company, are shown in the financial statements of those companies. None of the other directors, apart from those noted below, had interests in the shares of the ultimate parent company or any other group company.

CREDIT INSURANCE CONSULTANTS LIMITED

DIRECTORS' REPORT (CONTINUED)

30 APRIL 2004

AUDITORS

A resolution to reappoint Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in dark ink, appearing to read 'I L Shay', is written over a horizontal line.

Mr. I L Shay
Secretary

22 September 2004

CREDIT INSURANCE CONSULTANTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

30 APRIL 2004

United Kingdom 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 as at the end of the financial period 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; 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 the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CREDIT INSURANCE CONSULTANTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CREDIT INSURANCE CONSULTANTS LIMITED

We have audited the financial statements of Credit Insurance Consultants Limited for the year ended 30 April 2004 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the statement of accounting policies and the related notes 1 to 18. These financial statements have been prepared under 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 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

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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Leeds

23 September 2004

CREDIT INSURANCE CONSULTANTS LIMITED

PROFIT & LOSS ACCOUNT

30 APRIL 2004

	Note	12 Months ended 30 April 2004 £	18 Months ended 30 April 2003 £
TURNOVER: continuing operations	1	146,054	53,702
Administrative Expenses		(247,603)	(268,033)
Operating Loss: continuing operations	2,3	<u>(101,549)</u>	<u>(214,331)</u>
Interest Receivable and Similar Income		800	115
Interest Payable and Similar Charges	4	(1,942)	(1,215)
Loss on Ordinary Activities Before Taxation		<u>(102,691)</u>	<u>(215,431)</u>
Tax on Loss on Ordinary Activities	5	30,492	(150)
Retained Loss for the Year/Period	13	<u><u>(72,199)</u></u>	<u><u>(215,581)</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses for the current financial year and preceding financial period other than as stated in the profit and loss account.

CREDIT INSURANCE CONSULTANTS LIMITED

BALANCE SHEET

30 APRIL 2004

	Note	2004 £	2003 £
Fixed Assets			
Tangible Assets	6	25,474	48,910
		<u>25,474</u>	<u>48,910</u>
Current Assets			
Debtors	7	580,947	303,384
Cash at Bank and in Hand	8	24,011	20,493
		<u>604,958</u>	<u>323,877</u>
Creditors: amounts falling due within one year	9	357,212	313,944
Net Current Assets		<u>247,746</u>	<u>9,933</u>
Total Assets Less Current Liabilities		273,220	58,843
Creditors: amounts falling due after more than one year	10	250,000	273,274
Provisions for Liabilities & Charges	11	-	150
Total Net Assets/(Liabilities)		<u><u>23,220</u></u>	<u><u>(214,581)</u></u>
Capital & Reserves			
Called-up Share Capital	12	311,000	1,000
Profit and Loss Account	13	(287,780)	(215,581)
Total Equity Shareholders' Funds	14	<u><u>23,220</u></u>	<u><u>(214,581)</u></u>

These financial statements were approved by the Board of Directors on 22 September 2004.
Signed on behalf of the Board of Directors


Mr. G.G. Cook
Director

CREDIT INSURANCE CONSULTANTS LIMITED

ACCOUNTING POLICIES

30 APRIL 2004

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been consistently applied in the current year and preceding period, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation on fixed assets has been provided as follows:

Computer equipment	20% Straight line basis
Fixtures, fittings and office equipment	15% Reducing balance basis
Motor vehicles	25% Reducing balance basis

Contributions to pension scheme

The company operates a contributory pension scheme on a defined contribution basis, the net cost of which is charged against the profits of the company in the period in which the expenditure is incurred.

Taxation

Current tax, including UK Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

Hire purchase contracts

Assets held under hire purchase contracts are capitalised at their fair value on the inception of the contract and depreciated over their estimated useful lives. The finance charges are allocated over the period of the contract in proportion to the capital amount outstanding.

Operating leases

Rentals in respect of operating leases are charged to the profit & loss account in equal annual amounts over the lease term.

Turnover

Turnover represents commissions and fees earned in the period net of discounts and allowances and is accounted for as earned.

Claims servicing costs

Claims servicing costs are expensed in the period incurred.

CREDIT INSURANCE CONSULTANTS LIMITED

ACCOUNTING POLICIES CONTINUED

30 APRIL 2004

Insurance broking assets and liabilities

The company acts as an agent in broking the insurable risks for its clients and, generally, is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the company's legal relationship with clients and underwriters and since in practice premium and claim monies are usually accounted for by insurance intermediaries, it has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the company itself.

Cash flow statement

During the accounting period, the company was a subsidiary of Smart & Cook Group Limited. As a result, the company's cash flows will be included in the consolidated cash flow statement of Smart & Cook Group Limited and under FRS 1 - Cash Flow Statements (revised 1996), the company is exempt from publishing its own cash flow statement.

CREDIT INSURANCE CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS

30 APRIL 2004

1. TURNOVER

There are no segments of the business which are substantially different from each other. Turnover is wholly attributable to operations within the UK.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	12 Months ended 30 April 2004 £	18 Months ended 30 April 2003 £
Directors' remuneration		
Emoluments inclusive of benefits in kind	116,135	98,565
Pension contributions	4,792	5,153
	<u>120,927</u>	<u>103,718</u>
	No.	No.
The number of directors for whom the company has made pension contributions	<u>2</u>	<u>2</u>
Average number of persons employed	<u>7</u>	<u>7</u>
	£	£
Staff costs during the period (including directors, excluding benefits in kind)		
Wages and salaries	148,878	182,503
Social security costs	18,528	16,774
Pension costs	7,139	7,150
	<u>174,545</u>	<u>206,427</u>

3. OPERATING LOSS

	12 Months ended 30 April 2004 £	18 Months ended 30 April 2003 £
Operating loss is stated after charging:		
Depreciation - Owned Assets	4,205	3,819
- Leased and Hire Purchase Assets	6,893	6,031
Loss on Disposal of Fixed Assets	852	1,115
Operating Lease Rentals - Land & Buildings	14,511	10,198
Auditors' Remuneration - Audit Fees	3,442	1,667
- Other Services	52	-
	<u> </u>	<u> </u>

CREDIT INSURANCE CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

30 APRIL 2004

4. INTEREST PAYABLE AND SIMILAR CHARGES

	12 Months ended 30 April 2004 £	18 Months ended 30 April 2003 £
Hire purchase contracts	<u>1,942</u>	<u>1,215</u>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	12 Months ended 30 April 2004 £	18 Months ended 30 April 2003 £
Group Relief Purchased by Fellow Subsidiary	(30,250)	-
Deferred Tax - timing differences	(57)	150
adjustment in respect of prior periods	(185)	-
	<u>(30,492)</u>	<u>150</u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2003: 30%). The current tax credit for the year is less than 30% (2003: less than 30%) for the reasons set out in the following reconciliation:

Loss on ordinary activities before tax	<u>(102,691)</u>	<u>(215,431)</u>
Tax on loss on ordinary activities at standard rate	(30,807)	(64,629)
Factors affecting charge:		
Disallowable expenses	500	544
Group relief free of charge	-	64,235
Capital allowances in excess of depreciation	57	(150)
Current tax charge for the period	<u>30,250</u>	<u>-</u>

CREDIT INSURANCE CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

30 APRIL 2004

6. TANGIBLE ASSETS

	Fixtures, Fittings & Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost				
At 1 May 2003	5,342	4,979	47,835	58,156
Additions	396	-	-	396
Disposals	(3,976)	-	(14,200)	(18,176)
At 30 April 2004	<u>1,762</u>	<u>4,979</u>	<u>33,635</u>	<u>40,376</u>
Depreciation				
At 1 May 2003	523	589	8,134	9,246
Charge	687	991	9,420	11,098
Disposals	(844)	-	(4,598)	(5,442)
At 30 April 2004	<u>366</u>	<u>1,580</u>	<u>12,956</u>	<u>14,902</u>
Net Book Value				
At 30 April 2004	<u>1,396</u>	<u>3,399</u>	<u>20,679</u>	<u>25,474</u>
At 30 April 2003	<u>4,819</u>	<u>4,390</u>	<u>39,701</u>	<u>48,910</u>

The net book value of the company's assets includes the following amounts in respect of assets held under hire purchase contracts:

At 30 April 2004	-	-	20,679	20,679
At 30 April 2003	-	-	39,701	39,701

7. DEBTORS: Amounts falling due within one year

	2004 £	2003 £
Trade Debtors: Insurance Broking Account	63,637	24,318
Amounts Owed by Parent Company	511,000	271,000
Amounts Owed by Subsidiary Undertakings	58	-
Other Debtors	2,850	600
Prepayments and Accrued Income	3,310	7,466
Deferred Tax Asset	92	-
	<u>580,947</u>	<u>303,384</u>

CREDIT INSURANCE CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

30 APRIL 2004

8. CASH AT BANK AND IN HAND

	2004 £	2003 £
Insurance Broking Account	<u>24,011</u>	<u>20,493</u>

9. CREDITORS: amounts falling due within one year

	2004 £	2003 £
Office Bank Overdraft	5,244	10,125
Trade Creditors	3,367	3,695
Obligations under Hire Purchase Contracts	16,278	12,712
Amounts Owed to Ultimate Parent Company	-	318
Amounts Owed to Fellow Subsidiary Undertakings	315,402	238,301
Other Tax and Social Security	7,826	9,076
Other Creditors	4,667	1,930
Accruals and Deferred Income	4,428	37,787
	<u>357,212</u>	<u>313,944</u>

10. CREDITORS: amounts falling due after more than one year

	2004 £	2003 £
Obligations under Hire Purchase Contracts:		
Amounts Due between One and Two Years	-	23,274
Amounts Owed to Parent Company	250,000	250,000
	<u>250,000</u>	<u>273,274</u>

The amount owed to parent company is interest free and repayable in full or in part on 37 months' notice on a rolling basis.

CREDIT INSURANCE CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

30 APRIL 2004

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation £
At 1 May 2003	150
Movement in the year	(242)
At 30 April 2004	<u>(92)</u>

The amounts of deferred taxation provided and unprovided in the financial statements are as follows:

	Provided 2004 £	Provided 2003 £	Not Provided 2004 £	Not Provided 2003 £
Capital allowances in excess of depreciator	<u>(92)</u>	<u>150</u>	<u>-</u>	<u>-</u>

12. CALLED UP SHARE CAPITAL

	No.	2004 £	No.	2003 £
Authorised:				
Ordinary shares of £1 each	<u>311,000</u>	<u>311,000</u>	<u>1,000</u>	<u>1,000</u>
Called Up, Allotted and Fully Paid:				
Ordinary shares of £1 each	<u>311,000</u>	<u>311,000</u>	<u>1,000</u>	<u>1,000</u>

During the year the authorised share capital was increased by £310,000 through the creation of 310,000 ordinary shares of £1 each.

On the 5 March 2004 the company issued 310,000 shares at £1 per share for cash.

13. RESERVES

	Profit and Loss Account £
At 1 May 2003	(215,581)
Retained Loss for the Year	(72,199)
At 30 April 2004	<u>(287,780)</u>

CREDIT INSURANCE CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

30 APRIL 2004

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Loss for the financial year/period	(72,199)	(215,581)
Shares issued in the year/period	310,000	998
Net movement shareholders' funds	<u>237,801</u>	<u>(214,583)</u>
Opening shareholders' funds	(214,581)	2
Closing shareholders' funds	<u><u>23,220</u></u>	<u><u>(214,581)</u></u>

15. OPERATING LEASE COMMITMENTS

At 30 April 2004, the company was committed to make the following payments during the next period in respect of operating leases:

	Land and Buildings 2004 £	Land and Buildings 2003 £
Leases which expire:		
Within one year	<u><u>3,612</u></u>	<u><u>7,226</u></u>

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained in 'FRS 8 - Related Party Disclosures' not to disclose transactions with other group companies as it is a wholly owned subsidiary.

17. POST BALANCE SHEET EVENTS

On the 1 July 2004, Smart & Cook Group Limited, the immediate parent company, acquired 100% of the issued share capital of Credit Insurance Brokers (UK) Limited whose principal activity is credit insurance broking. As Credit Insurance Brokers (UK) Limited is a well established name in the industry it was decided, on the same day, to hive the trade assets and liabilities of Credit Insurance Consultants Limited, an existing subsidiary company, into Credit Insurance Brokers (UK) Limited.

CREDIT INSURANCE CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

30 APRIL 2004

18. ULTIMATE PARENT COMPANY

The Company's immediate parent company is Smart & Cook Group Limited, a company incorporated in Great Britain and registered in England and Wales.

The smallest Group of which the company is a member and for which Group Financial Statements are drawn up is headed by Smart & Cook Group Limited, whose registered office is 4 - 6 Ripon Road, Harrogate, North Yorkshire, HG1 2HH.

The largest Group of which the company is a member and for which Group Financial Statements are drawn up is headed by Smart & Cook Holdings Limited, whose registered office is 4 - 6 Ripon Road, Harrogate, North Yorkshire, HG1 2HH.

Copies of the Financial Statements of Smart & Cook Group Limited and Smart & Cook Holdings Limited may be obtained from the Registrar of Companies, Companies House, 3 Crown Way, Maindy, Cardiff, CF4 3UZ.

Due to a change of ownership on 8 March 2004 Smart & Cook Holdings Limited, a company incorporated in Great Britain and registered in England and Wales, became the ultimate parent company of Credit Insurance Consultants Limited.