

Acumus Insurance Solutions Limited

Directors' Report and Financial Statements

for the Period from 1 January 2006 to 31 March 2007

Registration number 3487744

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Acumus Insurance Solutions Limited

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Acumus Insurance Solutions Limited

Officers and Advisers

The directors at the date of this report were as follows

Directors	Mr J B Bibby Mr P K Smith (appointed 20 February 2006) Mr T C Ward (appointed 20 February 2006)
Secretary	Eversecretary Limited (appointed 20 September 2007)
Principal Bankers	Barclays Bank Plc 1 Churchill Place Canary Wharf London E14 5HP
Auditors	PricewaterhouseCoopers LLP Chartered accountants and registered auditors Hays Galleria 1 Hays Lane London SE1 2RD
Tax Advisors	Rawlinson & Hunter Eagle House 110 Jermyn Street London SW1Y 6RH
Registered office	Eversheds House 70 Great Bridgewater Street Manchester M1 5ES
Company Registration number	3487744
FSA Registration number	309647
Parent Company	The immediate parent company is Primary Group (UK) Limited, and the ultimate parent company is Primary Group Limited

Acumus Insurance Solutions Limited
Directors' Report for the Period Ended 31 March 2007

The directors present their report and the audited financial statements for the period ended 31 March 2007

Principal activity

The principal activity of the company is to sell and administer insurance products

The company changed its accounting reference date to 31 March and the comparative statements included in this report are for the twelve month period to 31 December 2005

Business review

We aim to present a balanced and comprehensive review of the development and performance of the business during the period and its position at the period end. Our review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties we face

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover and profit margins

During the period the company's turnover increased by 30% compared to the previous year. Operating profit has increased from a loss of £80,189 last year to £260,955 profit this period. Furthermore profit before tax has increased from a loss of £79,440 last year to a profit of £283,462 this period

The company has continued to build relationships with its core wholesale customers and has seen significant growth in this area

Environmental

Environmental impact is fully considered throughout the company's activities. In particular there is continuous improvement in waste control, energy efficiency and use of recycled and recyclable materials

Employees

The company's employees represent a wide variety of skills, abilities and disabilities. The directors endeavour to provide training, safe and pleasant working conditions, good communication and teamwork, and a sense of pride and purpose that enables each individual to flourish

Recruitment and promotion is undertaken without prejudice to age, sex or race and, in particular, the company recognises the contribution which can be made by disabled employees and gives them consideration for employment equal to that of the able-bodied, taking account of job requirements and the practical accommodations which can be made

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board and Underwriter approval and ongoing review by Directors delegated with the appropriate responsibilities. Compliance with regulation, legal and ethical standards is a high priority for the company

The Senior Management Team holds regular strategy review meetings to inter alia review and report back to the Board on all risk related issues

Principal risks arising from the competitive market place are -

- Severe economic downturn
- Entrance of significant competitors in our core markets
- Withdrawal of support from our capacity providers

Future outlook

The company continues to review opportunities for future growth and remains profitable during the year to March 2008

Acumus Insurance Solutions Limited
Directors' Report for the Period Ended 31 March 2007

continued

Management of Financial Risk

Interest rate risk

Interest rate risk arises primarily from borrowing from group companies. The company monitors interest rate on a monthly basis and reviews the materiality of the impact of any changes.

For the period ended 31 March 2007, an increase of 25 basis points in base rate would result in additional expenses for the period of £125.

Currency risk

The company manages its foreign exchange risk against its functional currency. Foreign exchange arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The company is primarily exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than Sterling. The most significant currency to which the company is exposed is Euro. The company seeks to mitigate the risk by monitoring the materiality of this source of income and regularly reviewing the impact of change in exchange rate.

At 31 March 2007, if the pound had weakened by 4% against Euro with all other variables held constant, profit for the year would have been £3,456 higher.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are amounts due from insurers and insurance intermediaries.

The company manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty. Such risks are subject to regular review. Management assesses the creditworthiness of all insurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. Each account is closely monitored by the credit control function.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The primary liquidity risk of the company is the obligation to pay insurers.

All insurance related monies are held in non-statutory trust accounts for the sole benefit of the relevant insurers. Regular calculations are performed to ensure that the company maintains an appropriate level of capital adequacy.

Results and dividend

The results for the company are set out in the financial statements on page 6.

The directors do not recommend the payment of a dividend.

Charitable and political donations

No donations were made for charitable or political purposes during the period.

Acumus Insurance Solutions Limited
Directors' Report for the Period Ended 31 March 2007

continued

Directors

The directors who held office during the period were as follows

- Mr J B Bibby
- Ms S P Bradbury (appointed 20 February 2006)
(resigned 20 September 2007)
- Mr P K Smith (appointed 20 February 2006)
- Mr T C Ward (appointed 20 February 2006)
- Mr J E Rouse (resigned 28 November 2006)
- Sir D K Nichol (resigned 21 September 2006)

None of the directors had an interest in the shares or debentures of the company or any other body corporate in the same group at any time during the period

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently in the preparation of the financial statements. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 March 2007 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

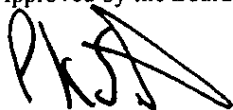
Statement of disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Resolutions to dispense with the requirement to reappoint auditors annually and to hold an Annual General Meeting were passed on 5 May 2006.

Approved by the Board and signed on its behalf by



Mr P K Smith
Director

Date *30 January 2008*

Independent Auditors' Report to the Members of Acumus Insurance Solutions Limited

We have audited the financial statements of Acumus Insurance Solutions Limited for the 15 months ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

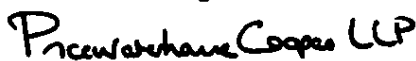
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered accountants and registered auditors

Date **31 January 2008**

Acumus Insurance Solutions Limited
Profit and Loss Account for the Period Ended 31 March 2007

	Note	1 January 2006 to 31 March 2007 £	Year ended 31 December 2005 £
Turnover	2	3,410,687	2,620,627
Administrative expenses		(3,149,732)	(2,700,816)
Operating profit/(loss)	3	<u>260,955</u>	<u>(80,189)</u>
Other interest receivable and similar income		22,538	749
Interest payable and similar charges	6	(31)	-
Profit/(loss) on ordinary activities before taxation		<u>283,462</u>	<u>(79,440)</u>
Tax on profit/(loss) on ordinary activities	7	(168,135)	9,034
Profit/(loss) for the financial period	17	<u><u>115,327</u></u>	<u><u>(70,406)</u></u>

Turnover and operating profit/(loss) derive wholly from continuing operations

The company has no recognised gains or losses for the period other than the results above, accordingly no statement of total recognised gains and losses is given

There are no material differences between the loss on ordinary activities before tax and the retained loss for the period stated above and their historical cost equivalents

The notes on pages 8 to 18 form an integral part of these financial statements

Acumus Insurance Solutions Limited

Balance Sheet as at 31 March 2007

		31 March 2007	31 December 2005 <i>as restated</i>
	Note	£	£
Fixed assets			
Intangible assets	8	142,602	606,307
Tangible assets	9	<u>448,463</u>	<u>165,021</u>
		591,065	771,328
Current assets			
Debtors	10	1,608,151	2,050,403
Cash at bank and in hand	11	<u>1,435,252</u>	<u>3,852,111</u>
		3,043,403	5,902,514
Creditors: Amounts falling due within one year	12	<u>(3,387,020)</u>	<u>(6,566,721)</u>
Net current liabilities		<u>(343,617)</u>	<u>(664,207)</u>
Total assets less current liabilities		247,448	107,121
Creditors. Amounts falling due after more than one year	13	(2,100,000)	(2,050,000)
Provisions for liabilities	15	<u>-</u>	<u>(25,000)</u>
Net liabilities		<u>(1,852,552)</u>	<u>(1,967,879)</u>
Capital and reserves			
Called up share capital	16	1,000	1,000
Profit and loss account	17	<u>(1,853,552)</u>	<u>(1,968,879)</u>
Equity shareholders' deficit	18	<u>(1,852,552)</u>	<u>(1,967,879)</u>

Approved by the Board on *30 January 2008* and signed on its behalf by



Mr T C Ward
Director

The notes on pages 8 to 18 form an integral part of these financial statements

Acumus Insurance Solutions Limited

Notes to the Financial Statements for the Period Ended 31 March 2007

1 Accounting policies

Basis of accounting

The Financial Statements have been prepared in accordance with Schedule IV of the Companies Act 1985 and have been prepared under the historical cost convention, in accordance with applicable accounting standards in the United Kingdom

Going concern

As at 31 March 2007, the Company is in a net liabilities position of £1,852,552 (2005 £1,967,879) The parent company, Primary Group (UK) Limited has provided a letter of financial support indicating its present intention to support the Company by providing or procuring such finance as is necessary in order that the Company is able to meet the obligations as and when they fall due Accordingly the directors believe that the preparation of the financial statements on the going concern basis is appropriate

Change in accounting policy

The Directors have reviewed the accounting policies and satisfied themselves as to their appropriateness In these financial statements, the company has adopted a change in presentation of preference shares pursuant to requirements of FRS 25 - Financial Instruments Disclosure and presentation Further details are included in note 22

Turnover

Turnover represents revenue from commission and fees from insurance intermediary businesses Revenues are recognised at the later of the inception date of the coverage or when the placement has been completed and confirmed

Profit or volume based commission, which is received periodically, is recognised when the amount can be measured with reasonable certainty

Depreciation

Tangible fixed assets, including assets held under finance leases and hire purchase contracts, are written off on a straight line basis over their estimated useful lives (Note 9)

Foreign currencies

Monetary assets and liabilities in foreign currencies are expressed in sterling at exchange rates ruling at the balance sheet date Income and expenses in foreign currencies are translated into sterling at either rates of exchange ruling at the date on which the transactions occur or at the average rate of exchange during the period where this is a suitable approximation Any exchange differences arising on transactions in foreign currencies during the period are dealt with through the profit and loss account

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Goodwill

Any goodwill arising on acquisition of unincorporated businesses has been stated as an intangible asset and amortised through the profit and loss account over a period of not more than 20 years from the date of acquisition, as recommended by Financial Reporting Standard No 10 'Goodwill and Intangible Assets'

Acumus Insurance Solutions Limited

Notes to the Financial Statements for the Period Ended 31 March 2007

continued

Taxation

The charge for taxation is based on the profits for the period charged at the current rates of tax. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed out by the balance sheet date except as otherwise required by Financial Reporting Standard No. 19 'Deferred Tax'. Deferred tax assets are recognised to the extent that the directors consider these amounts recoverable.

Insurance debtors and creditors

In the normal course of insurance broking and underwriting, settlement is required to be made with certain markets, market settlement bureaux or insurance intermediaries on the basis of the net settlement due to or from that market, bureaux or intermediary in question, rather than the amounts due to or from the individual parties which it represents. Insurance debtors and creditors reflect the gross value of premiums and claims and together with related cash balances, have been included within the assets and liabilities of the company in accordance with current market practice.

Insurance debtors and creditors are reported in accordance with the requirements of Financial Reporting Standard No. 5, 'Reporting the Substance of Transactions'. The standard precludes assets and liabilities being offset unless net settlement is legally enforceable and as a result the insurance broking debtors and creditors have been shown as the gross amounts due in respect of each contract, instead of the net amount due to or from clients and underwriters.

Cash flow statement and related party

The company is a subsidiary of Primary Group (UK) Limited, which prepares consolidated financial statements. The company has therefore elected to make use of the exemption provided in Financial Reporting Standard No. 1 (revised 1996) 'Cash Flow Statements' not to produce a cash flow statement. The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Primary Group Limited group or investors of Primary Group Limited.

Pensions

The company operates non-contributory defined contribution group personal pension plans covering the majority of permanent employees where subsidiaries have elected to participate. The assets of the plans are held separately from those of the group in independently administered funds for individual members of staff. The plans are funded by contributions that are charged to the profit and loss account as incurred in accordance with the employment contract of each director or employee.

2 Turnover

Turnover for the period originated and was derived from activities within the United Kingdom and Europe.

An analysis of turnover by geographical market is given below:

	1 January 2006 to 31 March 2007 £	Year ended 31 December 2005 £
Sales - UK	1,968,079	1,753,052
Sales - Europe	1,442,608	867,575
	<u>3,410,687</u>	<u>2,620,627</u>

Acumus Insurance Solutions Limited

Notes to the Financial Statements for the Period Ended 31 March 2007

continued

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging

	1 January 2006 to 31 March 2007	Year ended 31 December 2005
	£	£
Auditors' remuneration	29,795	24,607
Depreciation of owned tangible fixed assets	168,172	62,194
Amortisation of goodwill	44,947	35,952
Write-off of goodwill	418,758	-
Operating lease payments - land & buildings	46,400	48,970

4 Information regarding directors and employees

The average number of persons employed by the company (including directors) during the period was as follows

	1 January 2006 to 31 March 2007 No.	Year ended 31 December 2005 No.
Management and administration	15	43

The aggregate payroll costs of these persons were as follows

	1 January 2006 to 31 March 2007 £	Year ended 31 December 2005 £
Wages and salaries	907,758	947,188
Social security	97,871	102,620
Other pension costs	69,446	65,535
	1,075,075	1,115,343

Acumus Insurance Solutions Limited

Notes to the Financial Statements for the Period Ended 31 March 2007

continued

5 Directors' emoluments

The directors' emoluments for the period are as follows

	1 January 2006 to 31 March 2007 £	Year ended 31 December 2005 £
Directors' emoluments (including benefits in kind)	182,277	140,334
Directors' pension contributions	12,113	9,500
	<u>194,390</u>	<u>149,834</u>

During the period the number of directors who were accruing benefits under company pension schemes was as follows

	1 January 2006 to 31 March 2007 No.	Year ended 31 December 2005 No.
Money purchase	<u>1</u>	<u>1</u>

6 Interest payable and similar charges

	1 January 2006 to 31 March 2007 £	Year ended 31 December 2005 £
Bank interest payable	<u>31</u>	<u>-</u>

Acumus Insurance Solutions Limited

Notes to the Financial Statements for the Period Ended 31 March 2007

continued

7 Taxation

Analysis of current period tax charge/(credit)

	1 January 2006 to 31 March 2007 £	Year ended 31 December 2005 £
Current tax		
(Over)/under provision in previous year - current tax	-	(13,702)
(Over)/under provision in previous year - group relief	2,735	20,605
Group relief payable/(receivable)	165,400	(15,937)
Current tax charge/(credit) for the period	<u>168,135</u>	<u>(9,034)</u>

Factors affecting current tax charge/(credit) for the period

The tax assessed on the profit/(loss) on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30.00% (Year ended 31 December 2005 - 30.00%)

The differences are reconciled below

	1 January 2006 to 31 March 2007 £	Year ended 31 December 2005 £
Profit/(loss) on ordinary activities before taxation	<u>283,462</u>	<u>(79,440)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK	85,039	(23,832)
Expenses not deductible for tax purposes	166,291	14,756
Capital allowances in excess of depreciation	(13,634)	(6,861)
Brought forward tax losses	(72,296)	-
Adjustment to tax in respect of prior periods - current	-	(13,702)
Adjustment to tax in respect of prior periods - group relief	2,735	20,605
Current tax charge/(credit) for the period	<u>168,135</u>	<u>(9,034)</u>

Acumus Insurance Solutions Limited

Notes to the Financial Statements for the Period Ended 31 March 2007

continued

8 Intangible fixed assets

	Goodwill £
Cost	
As at 1 January 2006	824,919
Write-off	<u>(664,240)</u>
As at 31 March 2007	<u>160,679</u>
Amortisation	
As at 1 January 2006	218,612
Write-off	<u>(245,482)</u>
Charge for the period	44,947
As at 31 March 2007	<u>18,077</u>
Net book value	
As at 31 March 2007	<u>142,602</u>
As at 31 December 2005	<u>606,307</u>

All goodwill is being amortised over 20 years as in the opinion of the directors, this represents a prudent estimate of the period over which the company will derive economic benefits from the businesses acquired

9 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
As at 1 January 2006	274,773
Additions	555,580
Disposals	<u>(163,477)</u>
As at 31 March 2007	<u>666,876</u>
Depreciation	
As at 1 January 2006	109,752
Eliminated on disposals	<u>(59,511)</u>
Charge for the period	168,172
As at 31 March 2007	<u>218,413</u>
Net book value	
As at 31 March 2007	<u>448,463</u>
As at 31 December 2005	<u>165,021</u>
 Depreciation rate	 25%

Acumus Insurance Solutions Limited

Notes to the Financial Statements for the Period Ended 31 March 2007

continued

10 Debtors

	31 March 2007	31 December 2005
	£	£
Insurance debtors	1,247,538	1,574,615
Amounts owed by group undertakings	199,573	433,699
Other debtors	17,491	-
Prepayments and accrued income	143,549	42,089
	<u>1,608,151</u>	<u>2,050,403</u>

All amounts are due within twelve months of the balance sheet date

11 Cash at bank and in hand

Included in cash at bank and in hand is £1,423,768 (2005 £3,827,719) held in designated client and underwriter accounts. These balances are used to pay premiums to underwriters and commissions and other income to group undertakings.

12 Creditors: Amounts falling due within one year

	31 March 2007	31 December 2005
	£	£
Insurance creditors	1,601,916	4,875,412
Trade creditors	591,957	58,989
Amounts owed from group undertakings	520,561	1,082,407
Social security and other taxes	37,883	36,432
Accruals and deferred income	634,703	513,481
	<u>3,387,020</u>	<u>6,566,721</u>

Included within insurance creditors are amounts of £1,555,331 (2005 - £1,442,553) due from group undertakings.

Acumus Insurance Solutions Limited

Notes to the Financial Statements for the Period Ended 31 March 2007

continued

13 Creditors: Amounts falling due after more than one year

	31 March 2007	31 December 2005 <i>as restated</i>
	£	£
Preference shares	2,050,000	2,050,000
Amounts owed to group undertakings	50,000	-
	<u>2,100,000</u>	<u>2,050,000</u>

The preference shares are redeemable either in full or in part, at par, by the shareholder or the company giving 30 days notice of the amount of the shares to be redeemed

Preference share capital

	31 March 2007 £	31 December 2005 £
Authorised:		
2,050,000 Preference shares of £1 each	<u>2,050,000</u>	<u>2,050,000</u>
Issued:		
2,050,000 Preference shares of £1 each	<u>2,050,000</u>	<u>2,050,000</u>

Holders of the redeemable preference shares are entitled to a fixed cumulative preferential dividend of £1,000 due to be paid in full in respect of each financial year end

The preference shares are redeemable either in full or in part, at par, by the shareholder or the company giving 30 days notice of the amount of the shares to be redeemed, provided such notice is not delivered on or before 30 September 2009 Unless previously redeemed or repurchased all of the preference shares shall be redeemed at par on 30 September 2017

Amounts owed to group undertakings is in respect of a loan from the parent company Primary Group (UK) Limited and carries an interest rate based on the sum of 2% above the Bank of England base rate, payable on 31st December in each year

The loan shall be repayable upon the expiry of 3 months notice given by the lender providing that such notice shall expire on 7th March 2012

Acumus Insurance Solutions Limited

Notes to the Financial Statements for the Period Ended 31 March 2007

continued

14 Maturity of borrowings

Amounts repayable

	Preference shares £	Other Loans £	Total £
As at 31 March 2007			
After more than five years not by instalments	2,050,000	-	2,050,000
	<u>2,050,000</u>	<u>-</u>	<u>2,050,000</u>
As at 31 December 2005			
After more than five years not by instalments	2,050,000	-	2,050,000
	<u>2,050,000</u>	<u>-</u>	<u>2,050,000</u>

15 Provisions for liabilities

	Onerous Lease £
As at 1 January 2006	25,000
Other provision movement	<u>(25,000)</u>
As at 31 March 2007	<u>-</u>

16 Share capital

	31 March 2007 £	31 December 2005 as restated £
Authorised		
Equity		
30,000 Ordinary 'A' shares of 50 pence each	15,000	15,000
30,000 Ordinary 'B' shares of 50 pence each	<u>15,000</u>	<u>15,000</u>
	<u>30,000</u>	<u>30,000</u>
Allotted, called up and fully paid		
Equity		
1,000 Ordinary 'A' shares of 50 pence each	500	500
1,000 Ordinary 'B' shares of 50 pence each	<u>500</u>	<u>500</u>
	<u>1,000</u>	<u>1,000</u>

Acumus Insurance Solutions Limited

Notes to the Financial Statements for the Period Ended 31 March 2007

continued

'A' ordinary shareholders have voting rights but no right to dividends and shall rank equally with the 'B' ordinary shareholders on a distribution on liquidation

'B' ordinary shareholders do not have voting rights, but will have the sole rights to dividends and shall rank equally with 'A' ordinary shareholders on a distribution on liquidation

17 Statement of movement on reserves

	Profit and loss account £
Balance at 1 January 2006	(1,968,879)
Transfer from profit and loss account for the period	115,327
Balance at 31 March 2007	<u>(1,853,552)</u>

18 Reconciliation of movements in shareholders' funds

	Share Capital £	Profit and loss account £	Total £
At 1 January 2005	2,051,000	(1,898,473)	152,527
Profit for the year ended 31 December 2005	-	(70,406)	(70,406)
At 31 December 2005	2,051,000	(1,968,879)	11,715
Reclassification of preference share capital	(2,050,000)	-	(2,050,000)
As at 1 January 2006, as restated	1,000	(1,968,879)	(1,967,879)
Profit for the year ending 31 March 2007	-	115,327	115,327
At 31 March 2007	<u>1,000</u>	<u>(1,853,552)</u>	<u>(1,852,552)</u>

19 Operating lease commitments

As at 31 March 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and Buildings	
	31 March 2007 £	31 December 2005 £
Within one year	46,400	-
Within two and five years	-	48,970
	<u>46,400</u>	<u>48,970</u>

Acumus Insurance Solutions Limited

Notes to the Financial Statements for the Period Ended 31 March 2007

continued

20 Pension schemes

Defined contribution pension scheme

The company operates non-contributory defined contribution group personal pension plans. The assets of the plans are held separately from those of the company in independently administered funds. The pension cost charge for the period represents contributions payable by the company to the plans and the amount contributed during the period was £69,446 (31 December 2005 - £65,535).

There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

21 Related parties

Related party transactions

As permitted under Financial Reporting Standard No. 8 'Related Party Disclosures', transactions between group companies which are owned and controlled by more than 90% of the voting rights have not been disclosed.

22 Restatement of previously issued financial statements

In 2005 and earlier, the company classified its preference shares as an equity instrument. Pursuant to requirements of FRS 25, Financial Instruments: Disclosure and presentation, a financial instrument which provides the holder of the instrument the right to require the issuer to redeem the instrument at a determinable amount and future date is a financial liability. Hence the amount of outstanding preference shares in issue was reclassified as creditors falling due after more than one year.

In accordance with the definition of FRS 18 Accounting policies, the change in presentation has been defined as a restatement of prior period and therefore have reclassified equities in prior years to be consistent with the 2007 classification.

23 Ultimate holding company

The immediate parent company as at 31 March 2007 is Primary Group (UK) Limited, a company incorporated in the United Kingdom.

Primary Group Limited, incorporated in Bermuda, is regarded by the directors of the company as the company's ultimate parent company.

The largest group in which the results of the company are consolidated is that of which Primary Group Limited is the parent company. In the opinion of the directors, at the date on which the accounts were approved, the ultimate controllers are the trustees of NUSA Trust and JIWO trust, both trusts established in the Cayman Islands for the benefit of P W H James and his family.

The smallest such group is that of which Primary Group (UK) Limited is the parent company, which is registered in England and Wales.