

CYBERSETTLE.COM LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH NOVEMBER 2003



Company Number: 3782307

CYBERSETTLE.COM LIMITED

Registered in England & Wales, Number 3782307

COMPANY INFORMATION

DIRECTORS

C. Brofman

E. J. Halas

SECRETARY

Clyde Secretaries Limited

51 Eastcheap,

London EC3M 1JP.

REGISTERED OFFICE

51 Eastcheap,

London EC3M 1JP.

REGISTERED AUDITORS

Philips Chartered Accountants,

1160 High Road,

London N20 0RA.

SOLICITORS

Clyde & Co.,

51 Eastcheap,

London EC3M 1JP.

BANKERS

HSBC Bank plc

140 Leadenhall Street,

London EC3V 4PS.

CYBERSETTLE.COM LIMITED

INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH NOVEMBER 2003.

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CYBERSETTLE.COM LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH NOVEMBER 2003.

The directors present their report and the audited financial statements for the year ended 30th November 2003.

Principal activity.

The company's principal activity was the marketing of an e-commerce based insurance claims settlement system.

Review of business and going concern.

The company has remained dormant during the year ended 30th November 2003.

The directors have decided that the going concern basis of accounts preparation is not appropriate. Consequently, adjustments have been made to reduce balance sheet values of assets to their recoverable amounts, to make appropriate provision for future liabilities and to reclassify fixed assets and long term liabilities as current assets and liabilities.

At the balance sheet date, the company had net liabilities of £1,124,795 (2002-£1,174,928) including an amount payable to the US parent company, Cybersettle.com.Inc. of £1,123,214 (2002-£1,113,633).

The company has received a letter of support from its US parent company for continued financial support to enable Cybersettle.com Limited to meet its legal obligations to pay debts incurred as they fall due.

Results and Dividends.

The results for the year are set out in the profit and loss account on page 7. The company's profit after tax for the financial year is £51,042 (2002-£nil).

Directors.

The members of the board at 30th November 2003 were:-

C. Brofman
E. J. Halas

Directors' interests in the shares of the company.

No directors had any interest in the shares of the company at 30th November 2003.

None of the directors' immediate families had any other interest in the shares of the company.

CYBERSETTLE.COM LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH NOVEMBER 2003.

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 the company and of the profit or loss for the year. 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;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 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 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.

Auditors.

Philips Chartered Accountants have indicated their willingness to continue in office for the forthcoming year. A resolution to this effect will be put to the members of the company at the Annual General Meeting.

The report of the directors was approved by the Board on: 3 - 5 - 2004

and signed on their behalf by:


Clyde Secretaries Limited

**DIRECTOR FOR AND ON BEHALF
OF CLYDE SECRETARIES LIMITED**

CYBERSETTLE.COM LIMITED.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
CYBERSETTLE.COM LIMITED.

We have audited the financial statements of Cybersettle.com. Limited for the year ended 30th November 2003 which comprise of the Profit and Loss Account, the Balance Sheet and the related notes. 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 DIRECTORS AND AUDITORS.

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of 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 misstatement 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.

CYBERSETTLE.COM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
CYBERSETTLE.COM LIMITED.

BASIS OF PREPARATION.

The financial statements were prepared on the basis that the company ceased operations in the UK and at 30th November 2003 the only main creditor was the US parent company.

OPINION.

Subject to the above, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th November 2003 and of its profit/(loss) for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PHILIPS

Chartered Accountants and
Registered Auditors



Date: 10-5-2004

1160 High Road
London N20 0RA

CYBERSETTLE.COM LIMITED.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH NOVEMBER 2003.

	Notes	2003	2002
	-----	-----	-----
		£'000	£'000
Turnover		-	-
Administrative Expenses		(7)	(4)
		-----	-----
Operating Loss		(7)	(4)
Provision for Losses on termination of operation written back	10	59	4
		-----	-----
Profit on ordinary activities before Taxation	2	52	-
Taxation		-	-
		-----	-----
Profit for the year		52	-
Loss brought forward		(1,175)	(1,175)
		-----	-----
Loss carried forward		<u>(£1,123)</u>	<u>(£1,175)</u>

As set out in note 1(a), the financial statements have not been prepared on a going concern basis. Consequently the activities of the group are classified as discontinued.

The company has no recognised gains or losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 9 to 11 form part of these financial statements.

CYBERSETTLE.COM LIMITED.

BALANCE SHEET AS AT 30TH NOVEMBER 2003.

	Notes	2003	2002
	-----	-----	-----
		£'000	£'000
Current Assets			
Tangible fixed assets	4	-	-
Cash at bank and in hand		1	1
		-----	-----
		1	1
		-----	-----
Creditors	5	(1,124)	(1,117)
Provisions for liabilities and charges	6	-	(59)
		-----	-----
		(1,124)	(1,176)
		-----	-----
Net Current Liabilities		<u>(£1,123)</u>	<u>(£1,175)</u>
Capital and Reserves			
Called up share capital	7	-	-
Profit and loss account		(1,123)	(1,175)
		-----	-----
Equity shareholders' funds		<u>(£1,123)</u>	<u>(£1,175)</u>

The financial statements on pages 7 to 11 were approved by the Board on: 3-5-2004
and signed on their behalf by E.J. HALAS

Director

The notes on pages 9 to 11 form part of these financial statements.

CYBERSETTLE.COM LIMITED.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH NOVEMBER 2003.

1. Principal Accounting Policies.

The financial statements have been prepared in accordance with Accounting Standards in the United Kingdom.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

a. Basis of preparation.

The financial statements have been prepared under the historical cost convention.

b. Tangible assets.

Tangible assets have been written down to nil.

c. Operating leases.

Provision has been made for all future costs under operating leases. All lease commitments have expired.

d. Cash flow statement.

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash Flow Statements".

2. Profit on Ordinary Activities before Taxation.

	2003	2002
	-----	-----
	£'000	£'000
Loss on ordinary activities before tax is calculated after charging:-		
Auditors' Remuneration		
- Audit	1	1
	==	==

Prior to February 2000 £451,295 of set up costs and operating expenses were borne by the parent company, Cybersettle.com, Inc. No recharge of these costs and expenses has been made.

CYBERSETTLE.COM LIMITED.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH NOVEMBER 2003.

3. Employee information.

The company had no paid employees during the year.

4. Tangible assets.

There were no fixed assets held by the company during the year.

5. Creditors.

	2003	2002
	-----	-----
	£'000	£'000
Amounts owed to group undertakings	1,123	1,113
Accruals	1	4
	-----	-----
	<u>£1,124</u>	<u>£1,117</u>
	=====	=====

6. Provisions for liabilities and charges.

	£'000	£'000
Provisions for termination of business At 1 st December 2002	59	64
Provision no longer required	(52)	-
Charged to profit & loss account	(7)	(5)
	-----	-----
At 30 th November 2003	<u>£ -</u>	<u>£59</u>
	===	===

7. Called up share capital

	2003	2002
	-----	-----
Authorised 100 ordinary shares of £1 each	£100	£100
	=====	=====
Allotted, called up and fully paid Ordinary shares of £1 each	2	2
	==	==

CYBERSETTLE.COM LIMITED.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH NOVEMBER 2003.

8. Reconciliation of movement in shareholders' funds.

	£'000	£'000
Opening shareholders' funds	(1,175)	(1,175)
Fully paid up share capital (£2)	-	-
Profit for the financial year	52	-
	-----	-----
	<u>(£1,123)</u>	<u>(£1,175)</u>

9. Related party transactions.

As per note 5 £1,123,214 (2002-£1,113,633) is due to the US parent company, Cybersettle Inc. for inter-company transactions entered into during the year. This amount is not repayable in the foreseeable future.

There are no other material related party transactions.

10. Exceptional items.

As detailed in note 1(a) these financial statements have been prepared on a break-up basis. The exceptional items arising from the adoption of the break-up basis are as follows:-

	2003	2002
	-----	-----
	£'000	£'000
Provision for the estimated operating loss for the year from 1 st December 2002 to the date of cessation of activities and the estimated direct costs of termination	(7)	(4)
	====	====

11. Ultimate parent undertaking.

The company's immediate parent undertaking is Cybersettle Inc. incorporated in the United States of America.