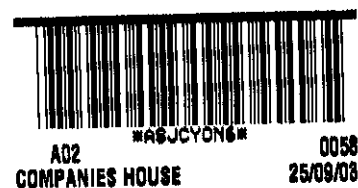


FAIRFIELD INSURANCE SERVICES LIMITED
FINANCIAL STATEMENTS
FOR
31ST JANUARY 2003

Company Registration Number 3861384



ROBSON TAYLOR
Chartered Accountants & Registered Auditors
1 Abacus House
Newlands Road
Corsham
Wiltshire

FAIRFIELD INSURANCE SERVICES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST JANUARY 2003

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FAIRFIELD INSURANCE SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

R A Askin
M R Aldous
P P Nash

Company secretary

M R Aldous

Registered office

14 St James Parade
Bath
BA1 1UL

Auditors

Robson Taylor
Chartered Accountants
& Registered Auditors
1 Abacus House
Newlands Road
Corsham
Wiltshire

Bankers

National Westminster Bank Plc
15 High Street
Bath BA1 5AH

FAIRFIELD INSURANCE SERVICES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST JANUARY 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st January 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was that of insurance consultancy.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the level of activity will be sustained for the foreseeable future.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2003 £	2002 £
Dividends paid on ordinary shares	<u>145,800</u>	<u>66,000</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31 January 2003	At 1 February 2002
R A Askin	Ordinary shares	1,000	1,000
	Preference shares	87,112	87,112
M R Aldous	Ordinary shares	1,000	1,000
	Preference shares	—	—
	Ordinary A shares	1	—
P P Nash	Ordinary shares	1,000	1,000
	Preference shares	—	—
	Ordinary A shares	<u>1</u>	<u>—</u>

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 11 to 12, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

FAIRFIELD INSURANCE SERVICES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST JANUARY 2003

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. The directors 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.

DONATIONS

During the year the company made the following contributions:

	2003	2002
	£	£
Charitable	<u>500</u>	<u>500</u>

AUDITORS

A resolution to re-appoint Robson Taylor as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
14 St James Parade
Bath
BA1 1UL

Signed by order of the directors



M R ALDOUS
Company Secretary

Approved by the directors on 1st June 2003

FAIRFIELD INSURANCE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31ST JANUARY 2003

We have audited the financial statements on pages 6 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 to 12.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on pages 2 to 3.

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. Our responsibilities do not extend to any other information.

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.

FAIRFIELD INSURANCE SERVICES LIMITED

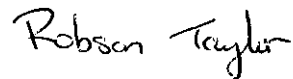
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31ST JANUARY 2003

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st January 2003 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

1 Abacus House
Newlands Road
Corsham
Wiltshire



ROBSON TAYLOR
Chartered Accountants
& Registered Auditors

12th June 2003.

FAIRFIELD INSURANCE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST JANUARY 2003

	Note	2003 £	2002 £
TURNOVER	2	1,033,771	1,071,142
OPERATING COSTS:			
Staff costs	3	255,965	253,339
Depreciation written off fixed assets	4	50,390	54,474
Exceptional items	4	17,000	—
Other operating charges		374,339	358,966
OPERATING PROFIT	4	336,077	404,363
Loss on disposal of fixed assets	6	—	(1,112)
		336,077	403,251
Interest receivable		4,805	11,150
Interest payable	7	(17,340)	(29,798)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		323,542	384,603
Tax on profit on ordinary activities	8	76,535	95,821
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		247,007	288,782
Dividends	9	145,800	66,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		101,207	222,782
Balance brought forward		357,918	135,136
Balance carried forward		459,125	357,918

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 11 to 20 form part of these financial statements.

FAIRFIELD INSURANCE SERVICES LIMITED

BALANCE SHEET


31ST JANUARY 2003

	Note	2003 £	£	2002 £	£
FIXED ASSETS					
Intangible assets	10		556,168		589,120
Tangible assets	11		<u>27,016</u>		<u>29,570</u>
			583,184		618,690
CURRENT ASSETS					
Debtors	12	397,640		501,328	
Cash at bank and in hand	13	<u>426,674</u>		<u>487,805</u>	
		824,314		989,133	
CREDITORS: Amounts falling due within one year	14	<u>770,177</u>		<u>882,528</u>	
NET CURRENT ASSETS			<u>54,137</u>		<u>106,605</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			637,321		725,295
CREDITORS: Amounts falling due after more than one year	15		<u>86,249</u>		<u>275,763</u>
			551,072		449,532
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	17		<u>1,833</u>		<u>1,502</u>
			<u>549,239</u>		<u>448,030</u>
CAPITAL AND RESERVES					
Called-up share capital	21		90,114		90,112
Profit and loss account			<u>459,125</u>		<u>357,918</u>
SHAREHOLDERS' FUNDS (including non-equity interests)					
	22		<u>549,239</u>		<u>448,030</u>

These financial statements were approved by the directors on the 7th June 2003 and are signed on their behalf by:


R A ASKIN


M R ALDOUS


P P NASH

The notes on pages 11 to 20 form part of these financial statements.

FAIRFIELD INSURANCE SERVICES LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31ST JANUARY 2003

	2003		2002
	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		375,756	288,125
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	4,805		11,150
Interest paid	(17,220)		(29,335)
Interest element of hire purchase	<u>(120)</u>		<u>(463)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(12,535)	(18,648)
TAXATION		(94,319)	(54,302)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets	(14,884)		(24,728)
Receipts from sale of fixed assets	<u>—</u>		<u>134,830</u>
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE		(14,884)	110,102
EQUITY DIVIDENDS PAID		(145,800)	(66,000)
CASH INFLOW BEFORE FINANCING		<u>108,218</u>	<u>259,277</u>
FINANCING			
Issue of equity share capital	2		—
Repayment of bank loans	(168,981)		276,104
Capital element of hire purchase	(370)		(9,661)
Net outflow from other long-term creditors	<u>—</u>		<u>(550,000)</u>
NET CASH OUTFLOW FROM FINANCING		(169,349)	(283,557)
DECREASE IN CASH		<u>(61,131)</u>	<u>(24,280)</u>

The notes on pages 11 to 20 form part of these financial statements.

FAIRFIELD INSURANCE SERVICES LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST JANUARY 2003

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Operating profit	336,077	404,363
Amortisation	32,952	37,651
Depreciation	17,438	16,823
Decrease/(increase) in debtors	103,688	(90,662)
Decrease in creditors	(114,399)	(80,050)
Net cash inflow from operating activities	<u>375,756</u>	<u>288,125</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2003	2002
	£	£
Decrease in cash in the period	(61,131)	(24,280)
Net cash outflow from/(inflow) from bank loans	168,981	(276,104)
Cash outflow in respect of hire purchase	370	9,661
Net cash outflow from other long-term creditors	—	550,000
	<u>108,220</u>	<u>259,277</u>
Change in net funds	108,220	259,277
Net funds at 1 February 2002	<u>45,005</u>	<u>(214,272)</u>
Net funds at 31 January 2003	<u>153,225</u>	<u>45,005</u>

The notes on pages 11 to 20 form part of these financial statements.

FAIRFIELD INSURANCE SERVICES LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST JANUARY 2003

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Feb 2002 £	Cash flows £	At 31 Jan 2003 £
Net cash:			
Cash in hand and at bank	<u>487,805</u>	<u>(61,131)</u>	<u>426,674</u>
Debt:			
Debt due within 1 year	(166,667)	(20,533)	(187,200)
Debt due after 1 year	(275,763)	189,514	(86,249)
Hire purchase agreements	<u>(370)</u>	<u>370</u>	<u>-</u>
	<u>(442,800)</u>	<u>169,351</u>	<u>(273,449)</u>
 Net funds	 <u>45,005</u>	 <u>108,220</u>	 <u>153,225</u>

The notes on pages 11 to 20 form part of these financial statements.

YEAR ENDED 31ST JANUARY 2003

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

FAIRFIELD INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2003

1. ACCOUNTING POLICIES *(continued)*

(h) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

(i) Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

There has been a change in the accounting policy to comply with Deferred Taxation FRS 19.

FRS 19 Deferred Taxation was issued on 7 December 2000 and is mandatory for years ending on or after 23 January 2002.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

Provision is made on revaluation gains and losses only if, by the balance sheet date, the company has entered into a binding agreement to sell the asset and has revalued the asset to the selling price;

Provision is made for taxable gains arising on revaluations or sales of assets only if it is more likely than not that the gain will not be rolled over into a replacement asset.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(j) Insurance debtors and creditors

In the normal course of business, settlement is required to be made with insurance companies on the basis of the net settlement due to or from the intermediary in question, rather than the amounts due to or from the individual parties which it represents. Insurance debtors and creditors reflect this basis of settlement.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2003	2002
	£	£
United Kingdom	<u>1,033,771</u>	<u>1,071,142</u>

FAIRFIELD INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2003

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No	No
Number of administrative staff	14	13
Number of management staff	3	3
	<u>17</u>	<u>16</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	230,547	233,661
Social security costs	18,766	19,288
Other pension costs	390	390
Other pension costs	6,262	—
	<u>255,965</u>	<u>253,339</u>

4. OPERATING PROFIT

Operating profit is stated after charging:

	2003	2002
	£	£
Amortisation	32,952	37,651
Depreciation	17,438	16,823
Auditors' remuneration		
- as auditors	9,400	8,813
- for other services	26,939	15,414
Operating lease costs:		
Plant and equipment	4,176	3,132
Exceptional item - Surrender of lease	<u>17,000</u>	<u>—</u>

The exceptional item in the accounts relates to fees incurred by the company in relation to the surrender of the lease relating to 6 Princes Street, Bath.

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002
	£	£
Emoluments receivable	45,610	77,423
Value of company pension contributions to money purchase schemes	6,262	—
	<u>51,872</u>	<u>77,423</u>

FAIRFIELD INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2003

6. LOSS ON DISPOSAL OF FIXED ASSETS

	2003 £	2002 £
Loss on disposal of fixed assets	<u>—</u>	<u>(1,112)</u>

7. INTEREST PAYABLE

	2003 £	2002 £
Interest payable on bank borrowing	17,220	7,539
Finance charges	120	463
Other similar charges payable	<u>—</u>	<u>21,796</u>
	<u>17,340</u>	<u>29,798</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 21.33% (2002 - 23.25%)	<u>76,204</u>	<u>94,319</u>
Total current tax	<u>76,204</u>	<u>94,319</u>
Deferred tax:		
Increase in deferred tax provision (note 17)		
Capital allowances	<u>331</u>	<u>1,502</u>
Tax on profit on ordinary activities	<u>76,535</u>	<u>95,821</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21.33% (2002 - 23.25%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>323,542</u>	<u>384,603</u>
Profit/(loss) on ord actvs by rate of tax	69,012	89,420
Expenses not deductible for tax purposes	7,523	6,401
Capital allowances for the year less than/(in excess of) depreciation	<u>(331)</u>	<u>(1,502)</u>
Total current tax (note 8(a))	<u>76,204</u>	<u>94,319</u>

FAIRFIELD INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2003

9. DIVIDENDS

The following dividends have been paid in respect of the year:

	2003 £	2002 £
Dividend paid on ordinary shares	<u>145,800</u>	<u>66,000</u>

10. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1st February 2002 and 31st January 2003	<u>671,770</u>
AMORTISATION	
At 1st February 2002	82,650
Charge for the year	<u>32,952</u>
At 31st January 2003	<u>115,602</u>
NET BOOK VALUE	
At 31st January 2003	<u>556,168</u>
At 31st January 2002	<u>589,120</u>

11. TANGIBLE FIXED ASSETS

	Office Equipment £	Motor Vehicles £	Computer Equipment £	Total £
COST				
At 1st February 2002	5,743	5,621	45,291	56,655
Additions	<u>—</u>	<u>—</u>	<u>14,884</u>	<u>14,884</u>
At 31st January 2003	<u>5,743</u>	<u>5,621</u>	<u>60,175</u>	<u>71,539</u>
DEPRECIATION				
At 1st February 2002	1,687	2,590	22,808	27,085
Charge for the year	<u>612</u>	<u>756</u>	<u>16,070</u>	<u>17,438</u>
At 31st January 2003	<u>2,299</u>	<u>3,346</u>	<u>38,878</u>	<u>44,523</u>
NET BOOK VALUE				
At 31st January 2003	<u>3,444</u>	<u>2,275</u>	<u>21,297</u>	<u>27,016</u>
At 31st January 2002	<u>4,056</u>	<u>3,031</u>	<u>22,483</u>	<u>29,570</u>

Hire purchase agreements

Included within the net book value of £27,016 is £Nil (2002 - £3,031) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £Nil (2002 - £2,590).

FAIRFIELD INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2003

12. DEBTORS

	2003	2002
	£	£
Trade debtors	384,846	477,663
Prepayments and accrued income	12,794	23,665
	<u>397,640</u>	<u>501,328</u>

13. CASH AT BANK AND IN HAND

	2003	2002
	£	£
Business reserve account	31	31
Client business reserve account	213,804	198,759
Office current account	181,521	223,516
Clients business account	31,266	65,433
Petty cash	52	66
	<u>426,674</u>	<u>487,805</u>

14. CREDITORS: Amounts falling due within one year

	2003		2002
	£		£
Insurance company creditors	472,315		576,693
Bank loans and overdrafts	187,200		166,667
Trade creditors	3,870		13,716
Other creditors including taxation and social security:			
Corporation tax	76,204	94,319	
PAYE and social security	5,721	5,419	
Hire purchase agreements	-	370	
Directors current accounts	<u>1,752</u>	<u>4,000</u>	
	83,677		104,108
Accruals and deferred income	<u>23,115</u>		<u>21,344</u>
	<u>770,177</u>		<u>882,528</u>

15. CREDITORS: Amounts falling due after more than one year

	2003	2002
	£	£
Bank loans and overdrafts	<u>86,249</u>	<u>275,763</u>

The bank borrowings are secured by a mortgage debenture incorporating a fixed and floating charge over all current and future assets of the company and an informal deposit of a life policy for £500,000 on the lives of R A Askin, M R Aldous and P P Nash.

FAIRFIELD INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2003

16. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2003	2002
	£	£
Amounts payable within 1 year	—	370
	<u>—</u>	<u>370</u>
	<u>—</u>	<u>370</u>

17. DEFERRED TAXATION

	2003	2002
	£	£
The movement in the deferred taxation provision during the year was:		
Provision brought forward	1,502	—
Profit and loss account movement arising during the year	331	1,502
Provision carried forward	<u>1,833</u>	<u>1,502</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003	2002
	£	£
Excess of taxation allowances over depreciation on fixed assets	1,833	1,502
	<u>1,833</u>	<u>1,502</u>

18. COMMITMENTS UNDER OPERATING LEASES

At 31st January 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2003	2002
	£	£
Operating leases which expire:		
After more than 5 years	<u>25,000</u>	<u>25,000</u>

19. TRANSACTIONS WITH THE DIRECTORS

Included in creditors is an amount of £569 (2002 - £Nil) in respect of a loan to the director, R A Askin, £562 (2002 - £2,000) in respect of a loan to the director, M R Aldous and £621 (2002 - £2,000) in respect of a loan to the director, P P Nash.

FAIRFIELD INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2003

20. RELATED PARTY TRANSACTIONS

R A Askin, M R Aldous and P P Nash have given personal unlimited guarantees in respect of the insurance company creditor.

R A Askin, M R Aldous and P P Nash have given personal guarantees in respect of the bank borrowings to the sum of £250,000 which are supported by second legal mortgages over their personal properties.

21. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
3,000 Ordinary shares of £1 each	3,000	3,000
2 Ordinary A shares of £1 each	2	—
87,112 Preference shares of £1 each	87,112	87,112
	<u>90,114</u>	<u>90,112</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	3,000	3,000	3,000	3,000
Ordinary A shares of £1 each	2	2	—	—
Preference shares of £1 each	87,112	87,112	87,112	87,112
	<u>90,114</u>	<u>90,114</u>	<u>90,112</u>	<u>90,112</u>

FAIRFIELD INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2003

21. SHARE CAPITAL *(continued)*

During the year, two Ordinary A shares were allotted. The aggregate nominal value of these shares is £2.00 and the consideration received was £2.00.

Preference Shares

The Preference Shares shall not confer any entitlement to participate in distributions of income or profits or to receive any assets of the Company, except on a winding up or other return of capital.

The Preference Shares shall entitle the holders thereof, on a winding up or other return of capital, in priority to any return of capital on any other class of shares, to repayment of the capital paid up or credited as paid up on each share.

The Preference Shares shall not entitle the holders to receive notice of or to attend or vote at any general meetings of the Company unless the business of the meeting includes the consideration of a resolution for winding up the Company or for a reduction in the capital or any resolution directly or adversely modifying or abrogating any of the special rights or privileges attached to the preference shares.

Subject to the provisions of part V, chapter VIA of the Companies Act 1985, the Preference Shares may be redeemed at par at any time in whole or in part at the option of the Company but in any event not later than 14 April 2008.

The Preference Shares shall not confer on the holders thereof any further rights to participate in the profits or assets of the Company or to vote.

Ordinary A Shares

The Ordinary A Shares shall confer entitlement to participate in distributions of income or profits and to receive any assets of the Company, on a winding up or other return of capital.

The Ordinary A Shares shall entitle the holders thereof, on a winding up or other return of capital, in priority to any return of capital on any other class of shares, to repayment of the capital paid up or credited as paid up on each share.

The Ordinary A Shares shall not entitle the holders to receive notice of or to attend or vote at any general meetings of the Company unless the business of the meeting includes the consideration of a resolution for winding up the Company or for a reduction in the capital or any resolution directly or adversely modifying or abrogating any of the special rights or privileges attached to the Ordinary A shares.

Subject to the provisions of part V, chapter VIA of the Companies Act 1985, the Ordinary A Shares may be redeemed at par at any time in whole or in part at the option of the Company but in any event not later than 14 April 2008.

FAIRFIELD INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2003

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

EQUITY SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the financial year	247,007	288,782
Dividends	(145,800)	(66,000)
	101,207	222,782
New equity share capital subscribed	2	—
	101,209	222,782
Net addition to funds	101,209	222,782
Opening shareholders' equity funds	360,918	138,136
Closing shareholders' equity funds	462,127	360,918

NON-EQUITY SHAREHOLDERS' FUNDS

Opening and closing shareholders' non-equity funds	87,112	87,112
TOTAL SHAREHOLDERS' FUNDS	549,239	448,030