Registered Number: 3899738 England

ITS4ME PLC

DIRECTORS' REPORT AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

Contents

Registered No 3899738

Directors
Anthony Clare
Garry Fearn
Peter Halpin
Scott Nelson
Jean-Michel Pescheux
Michel Roux
Dominique Salvy
Richard Savelli
Patrick Smith
Steven Whittaker

Secretary
Sally Hargreaves

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Swinton House
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Manchester
M1 5SW

Registered Auditors
Ernst & Young LLP
100 Barbirolli Square
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Registered number
3899738 England

Directors' report

The directors present their report and the audited financial statements of the Company for year ended 31 December 2007

Business review and principal activities

Following the transfer of the trade and assets of the Company to a fellow subsidiary undertaking, Swinton Group Limited, on 31 December 2006, the company did not trade during 2007, and earned interest income on loans due from fellow subsidiary undertakings only

On 10 March 2008, the company redeemed all Cumulative Preference Shares and paid all accrued Preference Share dividends The company will remain dormant from this date

Results and dividend

The results for the year are set out in the profit and loss account on page 6 The directors do not recommend the payment of an ordinary dividend (2006 £nil)

Directors and their interests

Members of the board during the year were

Anthony Clare
Garry Fearn
Peter Halpin
Scott Nelson
Jean-Michel Pescheux
Michel Roux
Dominique Salvy
Richard Savelli
Patrick Smith
Steven Whittaker

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the board

Sally Hargreaves
Secretary
22 April 2008

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for 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

Independent auditors' report

to the shareholders of ITS4ME PLC

We have audited the financial statements of Its4Me PLC for the year ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Note of Historical Costs Profits and Losses and the related notes 1 to 13 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

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and 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)

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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

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 December 2007 and of its profit for the year 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

Ernst & Young LLP
Registered Auditor

Manchester

12 April 2008

Profit and loss account

for the year ended 31 December 2007

	Notes	*2007* *£'000*	*2006* *£'000*
Turnover		–	8,495
Administrative expenses		–	(4,901)
Operating profit	2	–	3,594
Profit on transfer of trade to a fellow subsidiary undertaking	5	–	28,420
Interest receivable and similar income	6	2,056	145
Finance costs - Dividends on preference shares		(649)	(581)
Profit on ordinary activities before taxation		1,407	31,578
Tax on profit on ordinary activities	7	(617)	(706)
Profit on ordinary activities after taxation	11	790	30,872

A statement of the movement on reserves can be found in the notes 10 to 11

All results relate to discontinued operations

Statement of total recognised gains and losses

There were no recognised gains or losses in the year other than the gain attributable to the shareholders of the company

Balance sheet
at 31 December 2007

	Notes	2007 £'000	2006 £'000
Current assets			
Debtors (including £33,827,000 (2006 £32,388,000) due after more than one year)	8	33,827	32,388
		33,827	32,388
Creditors: amounts falling due within one year	9	(8,601)	(7,952)
Net assets		25,226	24,436
Capital and reserves			
Called up share capital	10	150	150
Share premium	11	150	150
Profit and loss account	11	24,926	24,136
	11	25,226	24,436

The financial statements were approved by the board of directors on 22 April 2008 and were signed on its behalf by

P J HALPIN
Director

Notes to the financial statements

at 31 December 2007

1. Accounting policies

The principal accounting policies followed by the company are set out below

Basis of preparation
These financial statements have been prepared on the historical cost basis in accordance with applicable accounting standards

Tangible assets

Expenditure on computer equipment and fixtures, fittings and office equipment is capitalised and depreciated over their expected useful economic lives on a straight line basis, which are estimated to be

Fixtures, fittings and office equipment	–	5 years
Computer equipment	–	3 years
Short leasehold property	–	10 years

Turnover

Commission income is recognised when it becomes due and receivable

Leasing and hire purchase commitments

Assets held under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives The capital elements of future obligations under the hire purchase contracts are included as liabilities in the balance sheet

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding

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

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that the underlying timing difference will reverse and that there will be suitable taxable profits from which the future reversal can be deducted

Pensions

The company makes contributions to the personal pension plans of its employees Contributions are charged in the profit and loss account as they become payable

Capital Instruments

Shares are included in shareholders' funds Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount

Cash Flows

The Company's ultimate parent undertaking is MMA IARD Assurances Mutuelles (a company incorporated in France) and the Company's results are included in the consolidated financial statements of that company Consequently the Company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement

Notes to the financial statements

at 31 December 2007

2. Operating profit

This is stated after charging

	2007	*2006*
	£'000	*£'000*
Auditors' remuneration		
- Audit of the financial statements	–	29
Depreciation of owned fixed assets	–	131
Operating lease rentals - land and buildings	–	68
Operating lease rentals - computer equipment	–	28

The remuneration receivable by the Company's auditors for auditing the Company is borne by Swinton Group Limited, a fellow subsidiary undertaking The remuneration of the Company's auditors for provision of non-audit services to the Company was £nil (2006 - £nil)

3. Directors' emoluments

The aggregate amount of emoluments, including benefits in kind, paid to or receivable by directors during the period was as follows

	2007	*2006*
	£'000	*£'000*
Emolument	–	138
Contributions to pension fund in respect of directors	–	10
		148

	2007	*2006*
	No	*No*
Members of money purchase pension schemes	–	1

4. Staff numbers and costs

	2007	*2006*
	£'000	*£'000*
Wages and salaries	–	1,681
Social security costs	–	144
Other pension costs	–	36
	–	1,861

The average number of persons employed by the company during the period was nil (2006 116)

2006 other pension costs relate to employer's contributions made on behalf of employees to personal pension funds maintained by third parties

Notes to the financial statements
at 31 December 2007

5. Profit on transfer of trade

On 31 December 2006, the trade and assets were transferred to Swinton Group Limited, a fellow subsidiary undertaking As a result, net assets of £3,968,000 were transferred for total consideration of £32,388,000, settled by way of an intercompany loan, giving rise to a profit on the transfer of trade of £28,420,000

6. Other interest receivable and similar income

	2007	2006
	£'000	£'000
Bank interest	-	145
Due from fellow subsidiary undertakings	2,056	-
	2,056	145

7. Tax on profit on ordinary activities

(a) The tax charge is made up as follows·

	2007	2006
	£'000	£'000
Current tax		
UK corporation tax	617	679
Adjustments in respect of previous periods	–	27
Tax on profit on ordinary activities (b)	617	706

(b) Factors affecting the current tax charge for the year

	2007	2006
	£'000	£'000
Profit on ordinary activities before tax	1,407	31,578
Current tax charge at standard UK corporation tax rate of 30% (2006 30%)	422	9,473
Profit on transfer of trade to fellow subsidiary undertaking (note 6)	–	(8,525)
Movement in deferred tax assets not recognised	–	(443)
Accrued preference dividends non tax deductible	195	174
Adjustments to tax charge in respect of previous periods	–	27
Tax on profit on ordinary activities (a)	617	706

(c) Factors that may affect future tax charges

On 26 June 2007 Parliament substantively enacted Finance Act 2007 which brought about a change in the corporation tax rate from 30% to 28% with effect from 1 April 2008

Notes to the financial statements

at 31 December 2007

8. Debtors

	2007 £'000	2006 £'000
Amounts owed by fellow subsidiary undertaking (all due after more than one year)	33,827	32,388

9. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Loans – preference shares	5,900	5,900
Preference dividends	2,701	2,052
	8,601	7,952

The preference shares comprise 5 9 million Redeemable Cumulative Preference Shares of £1 each

The holder of the Redeemable Cumulative Preference Shares is entitled to an annual variable rate cumulative preferential dividend at the rate of 1 5% above the London Inter-Bank Offered Rate for 3-month deposits up until 31 May 2005 From this date the rate increased to 5% above the London Inter-Bank Offered Rate for 3 month deposits

The company may at any time redeem for cash at par any of the Redeemable Cumulative Preference shares outstanding from retained earnings or the proceeds of a new share issue The company shall redeem any shares that remain outstanding for cash at par on 31 May 2010

On the date on which the audited accounts of the Company for each of its financial years ended 31 December 2006, 2007, 2008 and 2009 are laid before the Company in general meeting as required by section 241 of the Companies Act 1985 as amended by the Companies Act 1989 (the Act), the Company shall apply the full amount of the reserves of the Company shown by such accounts as being available for distribution in terms of sections 264 and 270-276 of the Act, after payment of any unpaid Preference Dividend, in redeeming for cash at par any of the Cumulative Preference Shares then outstanding and such date shall be a Redemption Date

On 10 March 2008, all Cumulative Preference Shares were redeemed, and all accrued Preference dividends fully paid

Notes to the financial statements

at 31 December 2007

10. Called up share capital

	2007 £'000	2006 £'000
Authorised		
183,336 'A' Ordinary shares of 50p each	92	92
116,664 'B' Ordinary shares of 50p each	58	58
	150	150
Allotted, called up and fully paid		
183,336 'A' Ordinary shares of 50p each	92	92
116,664 'B' Ordinary shares of 50p each	58	58
	150	150

The ordinary 'A' and 'B' shares rank pari passu in respect of voting rights, distribution of profits, proceedings at general meetings and the return of surplus assets (after payments of the company's liabilities) on liquidation, reduction of capital or otherwise, except in the following respects

Holders of a majority of the 'A' shares may appoint and remove up to 6 directors, 'B' shares up to 2 directors

11. Reconciliation of movements in shareholders' funds

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2007	150	150	24,136	24,436
Profit for the financial year	–	–	790	790
Balance at 31 December 2007	150	150	24,926	25,226

12. Related party transactions

The company has applied the provisions of Financial Reporting Standard 8 ("Related Party Transactions") and taken the exemption allowed by the Standard from disclosing transactions with entities in the MMA IARD Assurances Mutuelles Group

13. Parent undertaking and controlling party

The Company's immediate parent company is Swinton (Holdings) Limited

In the directors' opinion, the Company's ultimate parent company, controlling party and largest undertaking which produces consolidated accounts (which include the Company) is MMA IARD Assurances Mutuelles, a company incorporated in France Copies of its group accounts can be obtained from MMA Insurance plc, Norman Place, Reading RG1 8DA

The smallest undertaking in the group which produces consolidated accounts (which include the Company) continues to be Swinton (Holdings) Limited which is registered in England & Wales A copy of its accounts can be obtained from the Company's registered office