

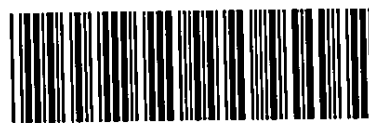
Reports & Financial Statements

For the year ended 31 December 2007

London & European Title Insurance Services Limited

Company Registration No: 4459633

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LONDON & EUROPEAN TITLE INSURANCE SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS:

G M P Avenel
F M D Du Mourgues
C M Taylor
C E Carter
P F Garnier
C Bearman
D Godet

SECRETARY:

D Godet

COMPANY NUMBER:

4459633

REGISTERED OFFICE:

3rd Floor
5 - 10 Bury Street
London
EC3A 5AT

AUDITORS:

Mazars LLP
Tower Bridge House
St Katharine's Way
LONDON
E1W 1DD

LONDON & EUROPEAN TITLE INSURANCE SERVICES LIMITED

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DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2007.

STATEMENT OF 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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REVIEW OF THE BUSINESS

The principal activities of the company during the period were those of financial and insurance consultancy.

London & European faced numerous challenges throughout 2007, not least the impact of the sub-prime crisis in the second half of the year. This has led to a decrease in overall volumes towards the end of the year despite this, as can be seen in the Table 1 below, the company has managed to maintain the level of title insurance policies issued and titlesolv continues to grow in a very satisfactory manner.

% increase in cases	2007	2006
Title Insurance	0%	43%
Panel Management	-16%	92%
titlesolv	88%	130%

Table 1

Even though 2007 was a difficult year the total net income in the year increased by 8% as London & European managed to increase its margins in all areas of activity.

London & European invested in various activities during 2007. A new branch in the Republic of Ireland was set up and is expected to start bringing in income at the start of 2008. A new Complete Conveyancing system has been developed throughout 2007 and is also expected to go live in the 1st Quarter of 2008, this is a new web based property transaction management service for lenders and intermediaries. It is the only system to set target completion dates upon instruction for each and every case and real time connectivity between lenders, brokers and solicitors with innovative PDF mass document transfer technology.

DIRECTORS' REPORT (continued)

Operating costs have risen significantly in 2007 but this has been well controlled and was under the budgeted figures.

An agreement was made on 19th April to issue 98,298 class B £1 shares to two directors. L&E Title Group Limited has written a put option over the shares which enables the managers to sell back the shares to L&E Title Group Limited at a transfer price based on a formula set out in the agreement. The result is that this event should be treated according to FRS20. The 98,298 shares issued are treated as a liability rather than equity and the grant fair value has been calculated based on the formula in the share purchase agreement.

The company has no research and development activities.

Both the level of business and the year end financial position were satisfactory.

Since 14 January 2005, the company has been authorised by the FSA as an insurance intermediary.

There are no important events affecting the company which have occurred since the end of the financial year 2007.

FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks, including the effects of foreign currency exchange rates and interest rates. The Company overall risk management policy focuses on monitoring potential adverse effects where considered material.

The Company accepts a certain degree of interest rate risk and other market price risks and continues to monitor these on an on-going basis. Prudent cash management is used to reduce any exposure to liquidity risk. The Company is monitoring its credit risk and has implemented new procedures to improve its cash management. It has professional indemnity insurance cover against any legal liability to compensate a third party.

DIVIDENDS

The directors recommended and paid an interim dividend of £800,000 (2006. £1,108,605).

OWN SHARES

The company does not hold any of its own shares: No loan has been taken on the company's shares

DIRECTORS' INDEMNITY

The company's articles of association do not provide an indemnity for directors of the company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers

However, appropriate directors' liability insurance cover is in place in respect of all the company's directors

DIRECTORS' REPORT (continued)**DIRECTORS**

The directors set out in the table below have held office during the whole of the period from 1 January 2007 to the date of this report unless otherwise stated.

C M Taylor
GMP Avenel
C E Carter
P F Garnier
F M D De Mourgues
C Bearman
D Godet

DIRECTORS' SHARE INTERESTS

According to the Register of Directors' interests

- C Taylor holds 70,227 class B shares of £1
- C Bearman holds 28,071 class B shares of £1

No other director holding office on 31 December 2007 had any interests in the shares of the company or any other group company incorporated in Great Britain.

Mr Garnier is also a director of the immediate parent company.

STATEMENTS AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors have taken all the necessary steps to make us aware, as directors, of any relevant information and to establish that the auditors are aware of that information.

As far as the directors are aware, there is no relevant information of which the company's auditors are unaware.

AUDITORS

Mazars LLP continued as the independent auditor to the company during the year.

Mazars LLP have signified their willingness to continue in office and a resolution will be proposed at the forthcoming annual general meeting

Approved by the Board on
and signed on its behalf by

12th May

2008

Director



**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
LONDON & EUROPEAN TITLE INSURANCE SERVICES LIMITED**

We have audited the financial statements of London & European Title Insurance Company Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also 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 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.

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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
LONDON & EUROPEAN TITLE INSURANCE SERVICES LIMITED (continued)**

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.



Mazars LLP

Chartered Accountants
and Registered Auditors

Tower Bridge House

St Katharine's Way E1W 1DD

13 May 2008

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2007

	Note	2007 £	2006 £
TURNOVER	1	9,203,473	9,690,304
Cost of sales		<u>(4,045,312)</u>	<u>(4,956,401)</u>
GROSS PROFIT		5,158,161	4,733,903
Administrative expenses		<u>(4,437,038)</u>	<u>(2,977,570)</u>
OPERATING PROFIT	2	721,123	1,756,333
Other income		865	63,918
Other interest receivable and similar income		<u>137,439</u>	<u>81,549</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		859,427	1,901,800
Tax on profit on ordinary activities	3	<u>(165,327)</u>	<u>(490,082)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	<u><u>694,100</u></u>	<u><u>£1,411,718</u></u>

The company's turnover and expenses all relate to continuing operations

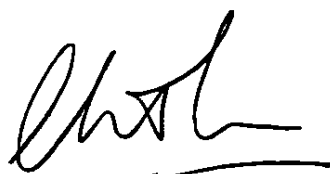
There are no recognised gains and losses other than those passing through the profit and loss account.

BALANCE SHEET as at 31 December 2007

	Note	2007 £	£	2006 £	£
FIXED ASSETS					
Tangible assets	6		519,722		277,073
CURRENT ASSETS					
Debtors and prepayments	7	1,224,482		1,307,579	
Cash at bank and in hand		<u>3,674,244</u>		<u>4,081,506</u>	
		4,898,726		5,389,085	
CREDITORS' AMOUNTS FALLING DUE WITHIN ONE YEAR	8	<u>(3,212,192)</u>		<u>(3,850,485)</u>	
NET CURRENT ASSETS			1,686,534		1,538,600
CREDITORS' AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9		<u>(98,298)</u>		<u>-</u>
NET ASSETS			<u>£2,107,958</u>		<u>£1,815,673</u>
CAPITAL AND RESERVES					
Called up share capital	11		603,955		603,955
Profit and loss account	13		1,105,818		1,211,718
Capital Contribution	13		<u>398,185</u>		<u>-</u>
EQUITY SHAREHOLDERS' FUNDS	12		<u>£2,107,958</u>		<u>£1,815,673</u>

The financial statements were approved by the board and authorised for issue on 12th May 2008. They were signed on its behalf by:

Director



NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007**1. ACCOUNTING POLICIES****(a) Basis of accounting**

- **Accounting Convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

- **Exemptions Applied**

London and European Title Insurance Services Limited is a wholly owned subsidiary of L&E Title Group Limited. It is not therefore required to prepare a cash flow statement or to disclose details of transactions with entities belonging to the group.

(b) Turnover

Turnover includes commission due on premiums written on behalf of accepting insurers and fees receivable from clients in respect of conveyancing and related services. The gross value of premiums written in the year was £8,783,012 (2006: £8,185,363)

(c) Cost of sales

Cost of sales represents fees payable by the company in respect of the conveyancing and related services it provides to its clients

(d) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Fixtures, fittings and office equipment	- 20% straight line per annum
Computer equipment	- 33% straight line per annum

(e) Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease

(f) Taxation and deferred tax

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007 (continued)

2. OPERATING PROFIT

Operating profit is stated after charging:

	2007	2006
	£	£
Depreciation on owned assets	78,781	113,090
Hire of other assets – operating leases	29,641	22,759
Auditors' fees		
- for audit services	27,200	14,568
- for non-audit services	26,642	15,432
Loss on sale of tangible assets	108	107
	<u> </u>	<u> </u>

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007	2006
	£	£
Based on the profit for the year		
Corporation tax @ 30%	206,460	597,172
Adjustments in respect of prior periods	70,792	(107,090)
	<u> </u>	<u> </u>
	277,252	490,082
Deferred Tax	(111,492)	-
	<u> </u>	<u> </u>
	£165,327	£490,082
	<u> </u>	<u> </u>

	2007	2006
	£	£
Profit on ordinary activities before tax	859,427	1,901,800
	<u> </u>	<u> </u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	257,828	570,540
Effects of:		
Expenses not deductible for tax purposes	15,192	26,632
Capital allowances in excess of depreciation	(17,892)	-
Other timing differences	(48,668)	-
Adjustments in respect of prior periods	70,792	(107,090)
	<u> </u>	<u> </u>
Current tax charge	£277,252	£490,082
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007 (continued)

4. STAFF COSTS

	2007 £	2006 £
Wages and salaries	1,896,699	1,261,938
Social security costs	<u>306,946</u>	<u>144,371</u>
	<u><u>£2,203,645</u></u>	<u><u>£1,406,309</u></u>

The average number of persons, including executive Directors, employed by the Company during the year was

	2007 Number	2006 Number
Management	6	6
Administration	<u>24</u>	<u>17</u>
	<u><u>30</u></u>	<u><u>23</u></u>

5. DIRECTORS' EMOLUMENTS

	2007 £	2006 £
Total emoluments other than relating to pensions	708,837	504,193
Amounts relating to pensions	<u>52,500</u>	<u>48,404</u>
Total Remuneration	<u><u>761,337</u></u>	<u><u>552,597</u></u>

The above emoluments include the following amounts paid to the highest paid director:

Emoluments other than relating to pensions	366,268	254,553
Amounts relating to pensions	<u>30,000</u>	<u>27,404</u>
Total Remuneration	<u><u>396,268</u></u>	<u><u>281,957</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007 (continued)

6. TANGIBLE FIXED ASSETS

	Fixtures, fittings and office equipment £
COST	
At 1 January 2007	480,194
Additions	321,429
Disposals	(38,419)
	<u>763,204</u>
At 31 December 2007	
DEPRECIATION	
At 1 January 2007	203,120
Charge for the period	78,781
Disposals	(38,419)
	<u>243,482</u>
At 31 December 2007	
NET BOOK VALUES	
At 31 December 2007	<u>£519,722</u>
At 31 December 2006	<u>£277,073</u>

7. DEBTORS: DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade debtors	845,898	1,078,332
Amounts owed by group undertakings	15,401	589
Other debtors	135,563	118,431
Prepayments	116,128	110,227
Deferred Tax Asset	111,492	-
	<u>£1,224,482</u>	<u>£1,307,579</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007 (continued)

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade creditors	1,805,946	2,283,677
Corporation tax	120,417	74,795
Other taxation and social security costs	-	167,385
Other creditors	1,030,643	686,509
Accruals and deferred income	255,186	412,937
Amounts owed to group undertakings	-	225,182
	<u>£3,212,192</u>	<u>£3,850,485</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2007 £	2006 £
Share based payment liability at fair value	<u>98,298</u>	<u>0</u>

10. DIVIDENDS

	2007 £	2006 £
Interim dividends paid of £1.32 per share (2006: £1.84)	<u>£800,000</u>	<u>£1,108,605</u>

11. SHARE CAPITAL

	Authorised		Allotted, issued and fully paid	
	2007 £	2006 £	2007 £	2006 £
Ordinary shares of £1 each	<u>£603,955</u>	<u>£603,955</u>	<u>£603,955</u>	<u>£603,955</u>

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2007 (continued)****12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2007 £	2006 £
Profit for the financial year	694,100	1,411,718
Capital contribution (see note 13)	398,185	-
Dividends paid (see note 10)	(800,000)	(1,108,605)
	<u>292,285</u>	<u>303,113</u>
Net addition to shareholders' funds	292,285	303,113
Opening shareholders' funds	<u>1,815,673</u>	<u>1,512,560</u>
Closing shareholders' funds	<u><u>2,107,958</u></u>	<u><u>1,815,673</u></u>

13. RESERVES

	Capital Contribution £	Profit and loss Account £
At 1 January 2007	-	1,211,718
Movements in the year	<u>398,185</u>	<u>(105,900)</u>
At 31 December 2007	<u><u>398,185</u></u>	<u><u>£1,105,818</u></u>

The capital contribution represents the grant fair value of the put option written by L&E Title Group Limited.

14. FINANCIAL COMMITMENTS

At 31 December 2007 and 2006 respectively the company was committed to making the following payments under non-cancellable operating leases other than in respect of land and buildings.

	2007 £	2006 £
Operating leases which expire:		
Within 1 year	2,659	25,353
Within 2 to 5 years	46,117	20,414
Over 5 years	<u>-</u>	<u>-</u>

On 30 August 2005, the company entered into a 5 year lease in respect of office premises

15. PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard April Group, a company incorporated in France as the Company's ultimate holding company and controlling party.

The immediate parent company is L&E Title Group Limited