

AIUA Holdings Limited

**Directors' report and financial statements
for the period ended 31 December 2004
Registered number 4606615**



Directors' report and financial statements

Contents

Directors' report	1-2
Statement of directors' responsibilities	3
Report of the independent auditor to the members of AIUA Holdings Limited	4
Profit and loss account	5
Balance sheet	6
Reconciliation of movements in shareholder's funds	7
Notes	8-12

Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 December 2004.

Principal activities and business review

The profit and loss account for the period is set out on page 5.

The principal activity of the Company during the period was that of an intermediary holding company.

Towergate Underwriting Limited acquired the company on 9 July 2004

On 31st December 2004 the business of the company together with its assets and liabilities were sold to Towergate Underwriting Group Limited a fellow subsidiary undertaking within the Towergate Underwriting Limited Group. The consideration receivable comprised the sum of the book value of tangible assets and liabilities and the market value of goodwill, as estimated by the directors based on advice from the Group's investment banking advisors.

Directors and directors' interests

The directors who held office during the period were as follows:

PG Cullum	(appointed 28 th July 2004)
PF Dyer	(appointed 28 th July 2004)
A Proverbs	(appointed 28 th July 2004)
TD Johnson	(appointed 28 th July 2004)
DWW Torrance	(appointed 9 th December 2004)
JO Mountifield	(resigned 9 th July 2004)
MN Oughtred	(resigned 9 th July 2004)
GL Sheeky	(resigned 3 rd March 2004)
GA Harrison	(resigned 9 th July 2004)

Directors' report (continued)

The directors who held office at the end of the financial period had the following interests in the shares of group companies according to the register of directors' interests:

Towergate Underwriting Limited				
	Ordinary Shares £1		Preference Shares £1	
	31 December	30 April	31 December	30 April
	2004	2004	2004	2004
PG Cullum	36,550	35,550	-	14,725
PF Dyer	5,700	6,000	-	129,500
A Proverbs	4,500	5,000	-	40,500
DWW Torrance	200	-	-	-
T Johnson	200	-	-	-

AIUA Holdings Limited				
	Ordinary "A" Shares £1.00		Ordinary Shares £1.00	
	31 December	30 April	31 December	30 April
	2004	2004	2004	2004
PG Cullum	-	-	-	-
PF Dyer	-	-	-	-
A Proverbs	-	-	-	-
DWW Torrance	-	-	-	-
T Johnson	-	-	-	-
GA Harrison	-	9,650	-	9,717
JO Mountifield	-	5,000	-	1,453
MN Oughtred	-	5,000	-	2,000

No director has been granted share options in the shares of the Company or other group companies.

None of the other directors who held office at the end of the financial period had any disclosable interest in the shares of group companies.

Political and charitable contributions

The Company made charitable contributions of £Nil (2003: £Nil) during the period.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



P G Cullum
Director

11 July 2005

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Report of the independent auditor to the members of AIUA Holdings Limited

We have audited the financial statements, on pages 5 to 12.

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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Re

31 August 2005

KPMG Audit Plc
*Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB*

Profit and Loss Account
for the period ended 31 December 2004

	Note	Period ended 31 December 2004 £	Period ended 30 April 2004 £
Turnover - discontinued activities		-	-
Administrative expenses		-	(60,828)
Amounts written off investments		(28,660)	-
Operating (loss) - discontinued activities		(28,660)	(60,828)
Income from shares in group undertakings		17,222,340	-
Profit / (loss) on ordinary activities before taxation	3	17,193,680	(60,828)
Tax on profit / (loss) on ordinary activities		-	-
Profit / (loss) on ordinary activities after taxation		17,193,680	(60,828)
Dividends		(17,193,680)	-
Retained profit/(loss) for the financial period		-	(60,828)

The Company has no recognised gains or losses other than the loss shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above, and their historical cost equivalents.

The notes on pages 8 to 12 form part of these financial statements.

Balance Sheet as at 31 December 2004

		At 31 December 2004		At 30 April 2004	
	Note	£	£	£	£
Fixed assets					
Investments	6		15,000		43,660
Current assets					
Debtors	8	33,729		5,069	
		<u>33,729</u>		<u>5,069</u>	
Creditors: amounts falling due within one year		-		-	
Net current assets			33,729		5,069
Total assets less current liabilities			<u>48,729</u>		<u>48,729</u>
Net assets			<u>48,729</u>		<u>48,729</u>
Capital and reserves					
Called up share capital	9		48,729		48,729
Profit and loss account	10		-		-
Equity shareholder's funds			<u>48,729</u>		<u>48,729</u>

The notes on pages 8 to 12 form part of these financial statements.

These financial statements were approved by the board of directors on 11 July 2005 and were signed on its behalf by:



P G Cullum
Director

Reconciliation of movements in shareholder's funds
For the period ended 31 December 2004

	At 31 December 2004 £	At 30 April 2004 £
Profit / (loss) for the financial period	17,193,680	(60,828)
Credit to profit and loss account	-	60,828
Issue of share capital	-	5,069
Share for share exchange	-	43,660
Dividends	(17,193,680)	-
	<hr/>	<hr/>
Net increase in shareholder's funds	-	48,729
Opening shareholder's funds.	48,729	-
	<hr/>	<hr/>
Closing shareholder's funds	48,729	48,729
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under historical cost accounting rules.

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Towergate Underwriting Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Towergate Underwriting Limited within which this Company is included, can be obtained from the address given in note 11.

2 Turnover

Turnover consists entirely of sales made in the United Kingdom.

3 Profit/loss on ordinary activities before taxation

	Period ended 31 December 2004	Period ended 30 April 2004
	£	£
Profit/loss on ordinary activities before taxation is stated:		
after charging		
Amounts written off investments	28,660	-

The auditors remuneration has been borne by a fellow group company.

4 Taxation

	Period ended 31 December 2004	Period ended 30 April 2004
	£	£
Analysis of charge in period		
UK Corporation tax	-	-
Current tax on profit for the period	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the current period

The current tax charge for the year is lower (period to 30 April 2004: lower) than the standard rate of corporation tax in the UK (30%, period to 30 April 2004: 30%). The differences are explained below.

	Period ended 31 December 2004	Period ended 30 April 2004
	£	£
Current tax reconciliation		
Profit/(loss) on ordinary activities before tax	17,193,680	(60,828)
	<u>17,193,680</u>	<u>(60,828)</u>
Current tax at 30%	5,158,104	(18,248)
Effects of:		
Income not subject to taxation	(5,166,702)	-
Surrender of losses to group	-	18,248
Expenses not deductible for taxation	8,598	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

There are no known factors that may affect future tax charges (period to 30 April 2004: none).

5 Dividends

	Period ended 31 December 2004	Period ended 30 April 2004
	£	£
Dividends on equity shares:		
Ordinary dividends paid (£352.84 per share)	17,193,680	-
	<u>17,193,680</u>	<u>-</u>

Notes (continued)

6 Investments

	Shares in Group Undertaking
Company	
Cost (or valuation)	
At beginning of period	43,660
	<hr/>
At end of period	43,660
	<hr/>
Provisions	
At beginning of period	-
Impairment in period	(28,660)
	<hr/>
At end of period	(28,660)
	<hr/>
Net book value	
At 31 December 2004	15,000
	<hr/> <hr/>
At 30 April 2004	43,660
	<hr/> <hr/>

The group undertaking in which the company holds more than 20% of the nominal value of any class of share capital is Agricultural Insurance Underwriting Agencies Limited, incorporated in England and Wales, in which the amount held is 100% of its ordinary shares and voting rights.

On 31 December 2004 the portfolio of Agricultural Insurance Underwriting Agencies Limited was sold to Towergate Underwriting Group Limited. The investment was impaired to nominal share value accordingly.

7 Remuneration of directors

The emoluments of Mr Cullum, Mr Dyer, Mr Proverbs, Mr Torrance and Mr Johnson are paid by Towergate Underwriting Limited, which makes no recharge to the Company. Messrs Cullum, Dyer, Proverbs, Torrance and Johnson are directors of the ultimate parent Company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of the above named directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the ultimate parent Company.

None of the other directors who served during the year received any remuneration from the company.

Notes (continued)

8 Debtors

	31 December 2004 £	30 April 2004 £
Amounts owed by group undertakings	33,729	5,069

9 Called up share capital

	31 December 2004 £	30 April 2004 £
Authorised		
26,340 Ordinary shares of £1 each	26,340	26,340
23,660 'A' ordinary shares of £1 each	23,660	23,660
	50,000	50,000
Allotted, called up and fully paid		
25,069 Ordinary shares of £1 each	25,069	25,069
23,660 'A' ordinary shares of £1 each	23,660	23,660
	48,729	48,729

The holders of ordinary shares and "A" ordinary shares are entitled to receive ordinary dividends.

The holders of the "A" ordinary shares are not entitled to receive notice of or to attend and vote at any general meeting of the company.

Notes (continued)

10 Reserves

	Period ended 31 December 2004	Period ended 30 April 2004
	Profit and loss account	Profit and loss account
	£	£
At beginning of period	-	-
Retained loss for the period	-	(60,828)
Credit to profit and loss account	-	60,828
	<hr/>	<hr/>
At end of period	-	-
	<hr/>	<hr/>

During the period to 30 April 2004 and prior to acquisition by Towergate Underwriting Group, 5,069 £1 ordinary shares were issued to management at par value of £1 per share. In accordance with UITF 17 the directors during that period estimated the fair value of these shares at the date of issue, and the difference between that value and the price paid was charged to the profit and loss account. An equal and opposite amount has been credited to profit and loss reserve in accordance with UITF 17.

11 Related party disclosures

The Company is a subsidiary undertaking of Towergate Underwriting Limited, which is the ultimate parent Company incorporated in England and Wales.

The consolidated accounts of this Company are available to the public and may be obtained from:

Towergate House
2 County Gate
Staceys Street
Maidstone
Kent ME14 1ST

12 Controlling party

Mr PG Cullum, the Chairman, is the controlling party by virtue of his controlling interest in the parent Company's equity capital.