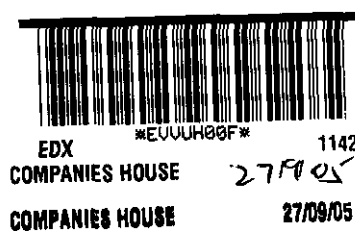


2004/05

Able Brokers Limited

Directors' report and consolidated financial statements

Period ended 31 December 2004



Registered no. 4665037

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Chief Executive's Statement

2004 represents OutRight's first full year of trading after the successful buy out from HSBC Bank in March 2003. I am pleased to report that the company had made significant progress against all of the objectives the directors and managers set for it.

Overall, OutRight's policies under management grew by 7.5%, this growth coming from both its own brand through successful direct response marketing and through continued success in securing new third party policy administration programs for other insurance brokers and corporate clients.

By the end of 2004 OutRight had achieved the enviable position of managing personal lines policy administration for all of the top four insurance brokers, Aon, Willis, Jardine Lloyds Thompson and Marsh. OutRight also won contracts with key corporate partners to manage their personal lines policy administration. For the MGN Group, OutRight provides household and motor insurance for the MirrorSure brand. OutRight provides a very similar service to The Readers Digest, offering motor and household insurance products to its members. For the HSBC Group, OutRight provides branded consumer insurance products to HSBC corporate clients. Coupled with existing clients such as nPower, OutRight has made very significant progress in building a strong and productive client base.

OutRight's directors continue to improve operational efficiencies the benefits of which can be shared with its corporate clients. Document imaging and call recording are just two examples of the investment the company has made in order to optimise its operational effectiveness and to facilitate the highest standards of compliance. During 2004 OutRight successfully implemented its compliance plan and received its Scope of Permission from the FSA in good time for FSA commencement date. The benefit of these investments together with the continued hard work and dedication of the staff and management are reflected in a very healthy margin for the year.

The directors remain committed to the current growth strategy and together with the management team, look forward to continued profitable growth in 2005.

Chief Executive
The OutRight Company UK Ltd

Report of the directors for the year ended 31 December 2004

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

Principal activities and business review

The Group acts as an insurance broker providing personal lines insurance in the UK.

Results and dividends

The Group's results for the year under review are as detailed in the statement of profit and loss shown in these accounts. The Directors do not recommend the payment of a dividend in respect of the period ended 31 December 2004.

Directors

The directors who served during the year were as follows:

Name	Appointed
R S Bright	31 March 2003
A A Lee	31 March 2003

Directors' interests

All the directors' interests in the share and loan capital of the company are set out below:

	Ordinary shares of £1.00 each	
	31 December 2004	31 December 2003
R S Bright	2,900	2,900
A A Lee	2,000	2,000

Supplier payment policy

The amount due to the Group's trade creditors at 31 December 2004 represented 30 days' average daily purchases of goods and services received from those creditors.

Employment of disabled persons

The Group is committed to providing equal opportunities to employees. The employment of disabled persons is included in this commitment and the recruitment, training, career development and promotion of disabled persons is based on the aptitudes and abilities of the individual. Should employees become disabled during employment, every effort would be made to continue their employment and, if necessary, appropriate training would be provided.

Directors' report (continued)

Employment policy

The Group continues to regard communication with its employees as a key aspect of its policies. Information is given to employees about employment matters and about the financial and economic factors affecting the Group's performance through management channels, in-house literature and by way of attendance at internal seminars and training programmes. Employees are encouraged to discuss operational and strategic issues with their line management and to make suggestions aimed at improving performance.


Political and charitable contributions

The Group made no political contributions during the year. Donations to UK charities amounted to £6,249 (2003: £2,500)

Auditors

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

By order of the Board



Andrew Lee
Secretary

24 May 2005

Registered Office:

Prospect House
Trentham Lakes North
Gordon Banks Drive
Stoke on Trent
ST4 4TW

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 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.

Independent auditor's report to the members of Able Brokers Limited

We have audited the financial statements on pages 6 to 17

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 are responsible for preparing the Directors' report and, as described on page 4, 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 audit 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 affairs of the company and the group as at 31 December 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG LLP
Chartered Accountants
Registered Auditor
24 May 2005

St James' Square
Manchester
M2 6DS

Consolidated profit and loss account
for the year ended 31 December 2004

	Note	Year ended 2004 £000	9 Months to December 2003 £000
Turnover	1(c)/2	13,842	9,307
Administrative expenses before acquisition costs		(12,260)	(8,590)
Acquisition costs		-	(434)
		<hr/>	<hr/>
Operating profit		1,582	283
Other interest receivable and similar income		124	47
Interest payable and similar charges	6	(81)	(230)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	1,625	100
Taxation payable on ordinary activities	7	(505)	37
		<hr/>	<hr/>
Profit for the financial year	15	1 120	137
		<hr/>	<hr/>

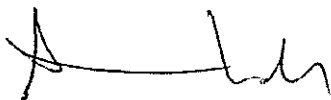
All gains and losses are reflected in the profit and loss account. All amounts relate to continuing activities.

The notes on pages 10 to 17 form part of these financial statements.

Consolidated balance sheet
as at 31 December 2004

	Note	2004 £000	2003 £000
Fixed assets			
Tangible assets	9	493	574
		<hr/>	<hr/>
Current assets			
Debtors	10	4,555	4,918
Cash at bank and in hand		2,751	3,289
		<hr/>	<hr/>
		7,306	8,207
Creditors: Amounts falling due within one year	12	(6,292)	(8,394)
		<hr/>	<hr/>
Net current assets/(liabilities)		1,014	(187)
Total assets less current liabilities		<hr/>	<hr/>
		1,507	387
Net assets		<hr/>	<hr/>
		1,507	387
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	10	10
Share premium account	15	240	240
Profit and loss account	15	1,257	137
		<hr/>	<hr/>
Shareholders' funds	15	1,507	387
		<hr/>	<hr/>

The financial statements were approved by the board of directors on 24 May 2005



Andrew Lee
 Director

The notes on pages 10 to 17 form part of these financial statements.

Company balance sheet
as at 31 December 2004

	Note	2004 £000	2003 £000
Fixed assets			
Investment in subsidiaries		-	-
Current assets			
Debtors	11	30	1,501
		<u>30</u>	<u>1,501</u>
Creditors: amounts falling due within one year	13	(193)	(1,664)
		<u>(193)</u>	<u>(1,664)</u>
Net liabilities		<u>(163)</u>	<u>(163)</u>
Capital and reserves			
Called up share capital	14	10	10
Share premium account		240	240
Profit and Loss account	15	(413)	(413)
		<u>(163)</u>	<u>(413)</u>
Shareholders' deficit	15	<u>(163)</u>	<u>(163)</u>

The financial statements were approved by the board of directors on 24 May 2005



Andrew Lee
 Director

The notes on pages 10 to 17 form part of these financial statements.

Cash flow statement
for the year ended 31 December 2004

	<i>Note</i>	Year Ended 31 December 2004 £'000	Period Ended 31 December 2003 £'000
Net cash inflow from operating activities	<i>16</i>	1,584	2,588
Returns on investments and servicing of finance			
Interest received		124	47
Interest paid		(81)	(136)
		<hr/> 1,627	<hr/> 2,499
Taxation		(475)	(149)
Capital expenditure			
Purchase of tangible fixed assets		(219)	(782)
		<hr/>	<hr/>
Net cash inflow before financing		933	1,568
Financing			
Increase in loans		-	6,750
Loan repayments		(1,471)	(5,279)
Issue of ordinary share capital		-	250
		<hr/>	<hr/>
Movement in cash	<i>17</i>	(538)	3,289
		<hr/>	<hr/>

Notes to the financial statements

1. Accounting policies

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

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical accounting rules. The financial statements have been prepared on a going concern basis which the directors believe to be appropriate.

Basis of consolidation

The group financial statements incorporate the financial statements of the company and its subsidiary undertakings and includes the appropriate share of results and retained reserves of businesses acquired or disposed during the year.

Under section 230(4) of the Companies Act 1985, the company is exempt from the requirement to present its own profit and loss account.

(b) Depreciation

Depreciation is charged on a straight line basis at the following rates:

Computer equipment	20% - 100% per annum
Furniture, fittings and equipment	10% - 33% per annum
Premises improvements	10% per annum

(c) Turnover

Group turnover comprises commissions receivable and finance charge income in respect of personal lines insurance.

Commission income is recognised at the inception of each finance agreement. Premium instalment income is recognised on a straight line basis over ten months.

(d) Deferred Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes to the financial statements (continued)

1 Accounting policies (continued)

(e) Operating Leases

Rentals under operating releases are charged to the profit and loss account on a straight line basis over the lease term.

2. Turnover

The whole of the Group's turnover is derived in the UK.

3. Profit on ordinary activities

This is stated after charging the following:

	2004	2003
	£000	£000
Auditors' remuneration: audit services	32	28
accountancy	-	5
parent company	-	-
tax services	2	4
Depreciation	300	208
Rents payable under operating leases:		
- Furniture and equipment	57	44
- Other	257	145
- Property lease	158	103
Acquisition costs	-	443

4. Remuneration of directors

	2004	2003
	£000	£'000
Directors' Emoluments	456	592

The aggregate of emoluments for the highest paid director was £259,659.

5. Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number	Number
	2004	2003
Insurance broking	237	236
Other	43	44
	<u>280</u>	<u>280</u>

Notes to the financial statements (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2004	2003
	£000	£000
Wages and salaries	4,790	3,464
Social security costs	391	315
Other pension costs	174	118
	<hr/>	<hr/>
	5,355	3,897
	<hr/>	<hr/>

6. Interest payable and similar charges

	2004	2003
	£000	£000
On bank loans and overdraft	2	-
On shareholder loan	79	94
On other loans	-	136
	<hr/>	<hr/>
	81	230
	<hr/>	<hr/>

7. Taxation

(a) Analysis of charge for the period.

	2004	2003
	£000	£000
Current tax:		
UK corporation tax on profits of the period.	466	170
Deferred tax	39	(207)
	<hr/>	<hr/>
Tax on profit on ordinary activities	505	(37)
	<hr/>	<hr/>

Notes to the financial statements (continued)

(b) Factors affecting tax charge for the period.

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2004 £000	2003 £000
Profit on ordinary activities before tax.	1,625	1,117
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 = 30%).	488	335
Expenses not deductible for tax purposes.	18	5
Depreciation for period in excess of capital allowances.	(9)	12
Other timing differences	(3)	47
Adjustments to tax charge in respect of previous periods.	(28)	5
Current tax charge for period	466	404

The company has a deferred tax asset of £167,218 which consists of an asset of £151,140 in respect of accelerated capital allowances and an asset of £16,078 arising on other timing differences.

	2004 £000	2003 £000
Deferred tax asset		
Deferred tax asset as at 1 January 2004	(206)	(59)
Arising during the period	39	(148)
Deferred tax asset as at 31 December 2004	(167)	(207)
Deferred tax asset consists of:		
Accelerated capital allowances	(151)	(160)
Other timing differences	(16)	(47)

8. Investment in subsidiaries

	2004 £	2003 £
Cost and net book value at 31 December 2003 and 31 December 2004	1	1

Name of Subsidiary
 The OutRight Company UK Limited

Principal activities
 Insurance broking

Notes to the financial statements (continued)

9. Tangible fixed assets
Group

	Computer Equipment £000	Furniture & Fittings Equipment £000	Premises £000	Total £000
Cost:				
At 1 January 2004	1,224	758	36	2,018
Additions in period	209	7	3	219
Disposals in period	-	-	-	-
At 31 December 2004	1,433	765	39	2,237
Depreciation:				
At 1 January 2004	840	598	6	1,444
Charged in period	223	69	8	300
Disposals in period	-	-	-	-
At 31 December 2004	1,063	667	14	1,744
Net Book Value:				
At 31 December 2004	370	98	25	493
Net Book Value:				
At 31 December 2003	384	160	30	574

There are no fixed assets in the company.

10. Debtors
Group

	2004 £000	2003 £000
Amounts due within one year:		
Trade debtors	3,379	3,858
Other debtors	47	40
Prepayments and accrued income	962	813
Deferred tax asset	167	207
	4555	4,918

Notes to the financial statements (continued)

11. Debtors
 Company

	2004	2003
	£000	£000
Amounts due within one year:		
Amounts due from subsidiaries	-	1,471
Corporation tax	30	30
	<hr/>	<hr/>
	30	1,501

12. Creditors: amounts falling due within one year
 Group

	2004	2003
	£000	£000
Trade creditors	4,249	4,986
Shareholder loan	-	1,471
Other creditors including taxation and social security	1,010	898
Accruals and deferred income	1,033	1,039
	<hr/>	<hr/>
	8,394	8,394

13. Creditors: amounts falling due within one year
 Company

	2004	2003
	£000	£000
Amounts due to subsidiaries	193	193
Shareholder loan	-	1,471
	<hr/>	<hr/>
	193	1,664

The shareholder loan was repayable on demand. Interest was payable at a minimum of 8%. The loan has now been fully repaid.

Notes to the financial statements (continued)

14. Share capital
 Company

	2004 £	2003 £
Authorised:		
2,900 A ordinary shares of £1 each	2,900	2,900
2,000 B ordinary shares of £1 each	2,000	2,000
5,100 C ordinary shares of £1 each	5,100	5,100
	<u>10,000</u>	<u>10,000</u>
Issued:		
Share capital allotted, called up, and fully paid:		
2,900 A ordinary shares of £1 each	2,900	2,900
2,000 B ordinary shares of £1 each	2,000	2,000
5,100 C ordinary shares of £1 each	5,100	5,100
	<u>10,000</u>	<u>10,000</u>

On incorporation 2,900 'A' ordinary shares of £1, 2,000 'B' ordinary shares of £1 and 5,100 'C' ordinary shares of £1 were issued at £25 per share. Share premium of £240,000 has been transferred to the share premium reserve.

All ordinary shares have equal voting rights and rights distribution. There are restrictions on the transfer of the A, B and C ordinary shares which are set out in the company's Articles of Association.

15. Reconciliation of movement shareholders funds

	Profit and loss account £'000	Share premium account £000	Share Capital £'000	Total £000
Group				
At beginning of period	137	240	10	387
Retained profit for the period	1120	-	-	1120
At end of period	<u>1257</u>	<u>240</u>	<u>10</u>	<u>1507</u>
Company				
At beginning of period	(413)	240	10	(163)
At end of period	<u>(413)</u>	<u>240</u>	<u>10</u>	<u>(163)</u>

Notes to the financial statements (continued)

16. Reconciliation of operating profit to net cash inflow from operating activities

	31 December 2004 £'000	31 December 2003 £'000
Operating profit	1,582	283
Depreciation charges	300	208
Decrease in debtors	363	(5,035)
Decrease in creditors	(661)	7,132
Net cash inflow from operating activities	1584	2,588

17. Reconciliation of net cash flow to movement in net debt

	31 December 2004 £'000	31 December 2003 £'000
Decrease in cash in the period	(538)	3,289
Cash flow from movement in net debt	-	(1,471)
Net funds at 31 December 2004	(538)	1,818

18. Commitments

Annual commitments of the Group under non-cancellable other operating leases are as follows:

	2004 £000	2003 £000
Operating leases which expire:		
Within one year	3	-
In the second to fifth years inclusive	13	26
	16	26

19. Related parties

Griffin Insurance Association provide errors and omissions insurance for Outright. Bob Bright is a Director of both companies. During the period Outright paid £342,033 in instalments. Included in this amount is a prepayment for £68,020 relating to the first quarter of 2005. There were no amounts outstanding at the year end.