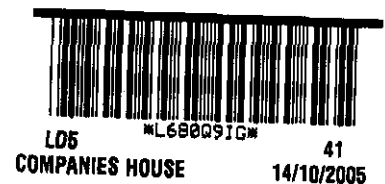


Reports & Financial Statements

For the period ended 31 December 2004

Abbey Protection Group Limited

Registration No: 4959808



ABBEY PROTECTION GROUP LIMITED

DIRECTORS:

O A Hemsley
C Davison
C Ward
R H Candy
P H Crick
M S C Fairclough
E A Grace

SECRETARY:

P H Crick FCA

REGISTERED OFFICE:

Minories House
2 – 5 Minories
LONDON
EC3N 1BJ

REGISTERED NUMBER:

4959808

AUDITORS:

Mazars LLP
24 Bevis Marks
LONDON EC3A 7NR

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DIRECTORS' REPORT

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

REVIEW OF THE BUSINESS

During the period under review, the company was the holding company of Abbey Legal Holdings Limited. Abbey Legal Holdings Limited is the holding company of Abbey Legal Protection Limited, Abbey Tax Protection Limited and Ibex Reinsurance Company Limited. The last is a Guernsey based risk carrying reinsurance vehicle.

On 31 December 2004, the activities, assets and liabilities of Abbey Legal Holdings Limited, Abbey Legal Protection Limited and Abbey Tax Protection Limited were hived up into the company. These now trade as divisions of the company with effect from 1 January 2005 and the subsidiary companies have been made dormant. Ibex Reinsurance Company Limited now becomes the company's only trading subsidiary. As part of the hive up process each of the subsidiary company's reserves were paid up as a dividend to its parent, resulting in a final dividend to the company from Abbey Legal Holdings Limited of £3.93m.

The principal activities of the group are the sale of legal expenses and tax protection insurance products and the underwriting of the same, together with the provision of legal and tax services, including advice and representation, and claims run-off services.

During the period, the company changed its accounting reference date to 31 December, in line with its underwriting arrangements, and the period under review is therefore nine months. The current accounting period ending 31 December 2005 will therefore be for a full twelve months.

The company had an excellent nine months' performance across all its trading subsidiaries and again produced record profits in spite of the reduced length of trading period. Profits for the Group for this period amounted to £2.76m before taxation and £1.89m after taxation.

The results include £0.78m pre-tax profit from Ibex Reinsurance Company Limited in the period. It is anticipated that Ibex Reinsurance Company Limited will continue to contribute strongly to the Group's overall profits.

The trading performance of Abbey Legal Protection continues very satisfactorily with encouraging levels of new and renewal business for established products. The contribution from the provision of legal services and legal representation has grown in importance, both to support insurance schemes inceptioned by the company and to develop new and innovative ways of providing support to organisations on a freestanding basis. As the UK becomes ever more litigious and the organisations to whom the company's products are marketed seek effective support against legal action, it is believed that this increasingly important element of the company's product range will continue to grow.

Accident Line, the company's personal injury service, continued to trade profitably throughout the period. This is now part of the company's After the Event Services Division, incorporating claims run-off work on behalf of underwriters which reported good profit figures, and won further business.

Abbey Tax Protection has continued to enjoy a strong growth in new business and a very high renewal rate in respect of professional expenses insurance schemes for accountancy practices. This has meant that the division has once again improved its market share. The directors have also been investing time and resources in the development of other products which will be made available to and through firms of accountants. The strong growth of the division is therefore anticipated to continue in the future. The division's consultancy and representational services to other parts of the organisation and the accountancy profession has become an increasingly valuable constituent of its trade.

DIRECTORS' REPORT (continued)

In line with the company's ambitious plans for the future, new air-conditioned premises were secured for both Abbey Tax Protection, in Rugby, and Abbey Legal Protection's London business during the year.

It is the directors' recommendation that, whilst market conditions remain favourable, resources should be invested in the company's development and growth.

DIVIDENDS

A preference dividend of £62,047 (31 March 2004 : £13,788) has been accrued.

The directors propose a final dividend of £7.25 per share (31 March 2004 : £ Nil) amounting to £500,000.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 April 2004 to the date of this report unless otherwise stated.

The directors and their spouses interests in the share capital of the Company at the end of the period, are set out below:

	31 December 2004		1 April 2004	
	1p Ordinary 'A' Shares	£1 Irredeemable preference shares	1p Ordinary 'A' Shares	£1 Irredeemable preference shares
O A Hemsley	-	-	-	-
C Davison	11,643	251,300	11,643	284,900
C Ward	11,643	284,900	11,643	284,900
R H Candy	3,881	-	3,881	-
P H Crick	5,821	5,250	5,821	5,250
M S C Fairclough	5,821	26,250	5,821	26,250
E A Grace	7,762	54,600	7,762	21,000

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 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;
- comply with applicable accounting standards 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.

DIRECTORS' REPORT (continued)

AUDITORS

Mazars LLP have signified their willingness to continue in office.

GENERAL MEETINGS

The company has elected, in pursuance of Section 252, Companies Act 1985, not to lay accounts before the members in general meeting.

Approved by the Board on
and signed on its behalf by

28/9/2005



P H Crick
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ABBEY PROTECTION GROUP LIMITED

We have audited the financial statements for the period ended 31 December 2004 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cashflow Statement and related notes. These financial statements have been prepared under the historical cost convention and 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 opinion 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 the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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. 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 misstatement within it.

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.

Opinion

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

Mazars LLP
 MAZARS LLP
 CHARTERED ACCOUNTANTS
 and Registered Auditors
 24 Bevis Marks
 London EC3A 7NR

11 October 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Technical account for the nine month period ended 31 December 2004

	Nine month period ended 31 December 2004 £	Two month period ended 31 March 2004 £
Gross premiums written	6,819,721	1,850,128
Ceding commission and reinsurance premium	(767,271)	(249,991)
	<u>6,052,450</u>	<u>1,600,137</u>
Change in the net provision for unearned income	(559,487)	(185,693)
TOTAL TECHNICAL INCOME	<u>£5,492,963</u>	<u>£1,414,444</u>
 CLAIMS INCURRED NET OF REINSURANCE		
Gross	1,806,896	618,758
Change in the net provision for claims	<u>3,135,879</u>	<u>795,686</u>
TOTAL TECHNICAL CHARGES	<u>£4,942,775</u>	<u>£1,414,444</u>
 BALANCE ON TECHNICAL ACCOUNT TRANSFERRED TO NON-TECHNICAL ACCOUNT	 <u>£550,188</u>	 <u>£-</u>

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Non-technical account for the nine month period ended 31 December 2004

	Notes	Nine month period ended 31 December 2004 £	Two month period ended 31 March 2004 £
Balance on technical account		550,188	-
Intermediary, advisory and other income		8,673,566	1,859,389
		<u>9,223,754</u>	<u>1,859,389</u>
Operating expenses and charges		(6,775,511)	(1,665,250)
Interest payable		(47,203)	-
Other interest receivable		363,666	46,435
		<u>363,666</u>	<u>46,435</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	2,764,706	240,574
Taxation	6	(875,250)	(93,402)
		<u>(875,250)</u>	<u>(93,402)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,889,456	147,172
Dividends	7	(562,047)	(13,788)
		<u>(562,047)</u>	<u>(13,788)</u>
RETAINED PROFIT FOR THE PERIOD	14	<u>£1,327,409</u>	<u>£133,384</u>

The group has no recognised gains or losses other than the profit for the period.

The profit for the period has been calculated on the historical cost basis.

The group's income and expenditure all relate to continuing operations.

CONSOLIDATED BALANCE SHEET at 31 December 2004

	Notes	31 December 2004		31 March 2004	
		£	£	£	£
FIXED ASSETS					
Intangible assets	9		949,497		1,027,896
Tangible assets	10		535,000		461,090
Investments			-		2,362,210
			<u>1,484,497</u>		<u>3,851,196</u>
CURRENT ASSETS					
Work in progress		163,557		17,832	
Debtors and prepayments	11	11,657,421		10,938,070	
Cash at bank and in hand		15,570,527		6,736,127	
		<u>27,391,505</u>		<u>17,692,029</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(25,633,129)</u>		<u>(19,645,788)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>1,758,376</u>		<u>(1,953,759)</u>
PROVISION FOR LIABILITIES AND CHARGES	15		<u>-</u>		<u>18,027</u>
			<u>£3,242,873</u>		<u>£ 1,915,464</u>
CAPITAL AND RESERVES					
Share capital	13		1,379,515		1,379,515
Merger Reserve	14		402,565		402,565
Profit and loss account	14		1,460,793		133,384
			<u>£3,242,873</u>		<u>£ 1,915,464</u>

Approved by the Board on
and signed on its behalf by:


P H Crick
Director

28 / 9 / 2005


C Ward
Director

COMPANY BALANCE SHEET at 31 December 2004

	Notes	31 December 2004		31 March 2004	
		£	£	£	£
FIXED ASSETS					
Investment in subsidiary undertakings	8		6,376,641		4,217,500
Tangible assets	10		535,000		-
			<u>6,911,641</u>		<u>4,217,500</u>
CURRENT ASSETS					
Work in progress		163,557		-	
Debtors and prepayments	11	8,389,360		-	
Cash at bank and in hand		5,487,674		-	
		<u>14,040,591</u>		<u>-</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	12	(16,083,773)		(2,250,732)	
			<u>(2,043,182)</u>		<u>2,250,732</u>
			<u>£4,868,459</u>		<u>£1,696,768</u>
CAPITAL AND RESERVES					
Called up share capital	13		1,379,515		1,379,515
Merger Reserve	14		402,565		402,565
Profit and loss account	14		3,086,379		(85,312)
			<u>£4,868,459</u>		<u>£1,696,768</u>

Approved by the Board on
and signed on its behalf by:

28/9/2005


P H Crick
Director


C Ward
Director

CONSOLIDATED CASHFLOW STATEMENT

For the period ended 31 December 2004

	Nine month period ended 31 December 2004 £	Two month period ended 31 March 2004 £
Reconciliation of operating profit to net cashflow from operating activities:		
Operating profit	2,448,243	194,139
Depreciation and amortisation	242,497	57,954
(Increase)/decrease in work in progress	(145,725)	32,468
(Increase) in debtors	(719,351)	(1,031,998)
Increase in creditors	5,799,995	2,003,525
Net cash inflow from operating activities	7,625,659	1,256,088
Returns on investments and servicing of finance:		
Interest received	363,666	46,435
Interest paid	(47,203)	-
Preference dividend paid	(13,788)	-
Cash inflow/(outflow) from returns on investments and servicing of finance	302,675	46,435
Tax paid	(369,798)	(172,689)
Capital expenditure and financial investment:		
Purchase of tangible fixed assets	(238,008)	(145,406)
Purchase of investments	-	(309,049)
Proceeds from sale of investments	2,362,210	-
Net cash inflow/(outflow) from capital expenditure and financial investment	2,124,202	(454,455)
Acquisition and disposals:		
Cash paid on acquisition	-	(1,836,200)
Cash acquired on acquisition	-	6,543,778
Net cash inflow from acquisitions and disposals	-	4,707,578
Financing:		
Cash received on issue of loan notes	-	1,204,514
Repayment of loan notes	(729,514)	-
Net cash (outflow)/inflow from Financing	£(729,514)	£1,204,514
Increase in net funds in the period	£8,953,224	£6,587,471
Reconciliation of net cash flow to movement in net funds:		
Increase in net funds	8,953,224	6,587,471
Net funds at 1 April 2003	6,587,471	-
Net funds at 31 December 2004	£15,540,695	£6,587,471

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2004

1 ACCOUNTING POLICIES

The principal accounting policies which are adopted in the preparation of the financial statements are set out below.

(a) Accounting convention

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

(b) Basis of preparation of group financial statements

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings made up to 31 December 2004. The profits and losses of subsidiary undertakings are consolidated from the date of acquisition to the date of disposal. When the company's shares are issued in respect of an acquisition, the share premium is computed on the basis of the market value of the shares at the date of acquisition. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is amortised through the profit and loss account in equal instalments over its estimated useful life.

(c) Intermediary, advisory and other income

This income, exclusive of VAT, represents:

- (a) commission receivable (net of the direct costs of legal and technical advisory costs) from clients in respect of legal insurance and "after the event" personal injury policies, which is recognised at the date of inception. An appropriate provision is made in respect of servicing claims in the future;
- (b) fees for provision of non-insured helpline services;
- (c) fees for legal and tax representation work;
- (d) subscriptions receivable from members of Accident Line panel of solicitors for their participation in the new Accident Line personal injury referral scheme;
- (e) management and claims handling fees arising from claims run-off contracts; and
- (f) where contractual obligations exist for the performance of post placement activities, a relevant proportion of revenue recognised on placement is deferred and recognised over the period during which these activities are performed.

(d) Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off each asset evenly over its expected useful life, as follows:

Short leasehold property	- over the duration of the lease
Fixtures, fittings and equipment	- over 3 to 5 years
Goodwill	- over 10 years

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2004 (continued)

1 ACCOUNTING POLICIES (continued)

(e) Leased assets

Rentals on operating leases are charged to profit and loss account in the periods in which they fall due.

(f) Work in progress

Work in progress represents direct costs incurred in respect of those claims being worked on but not fully complete at the balance sheet date.

(g) Investments

Investments held as fixed assets are stated at cost less an appropriate provision for any permanent diminution in value.

(h) Debtors

Trade debtors include sales invoices issued after the year end in respect of cover incepting before the year end.

(i) Creditors

Trade creditors include amounts due to underwriters on account of invoices dated after the year end in respect of cover incepting before the year end.

(j) Pension costs

Contributions payable to the pension schemes operated by group companies are charged to the profit and loss account in the period to which they relate.

(k) Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences at the rates of tax expected to apply when the timing differences reverse.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2004 (continued)

1 ACCOUNTING POLICIES (continued)

(l) Claims Outstanding

Outstanding claims comprise provisions for the estimated cost of settling all claims incurred by the company up to but not paid at the balance sheet date together with the relevant claims settlement expenses. The company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The estimation of claims incurred but not reported (IBNR) is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the company where more information about the claim event is generally available.

(m) Premium income

Written premiums comprise the premiums due on contracts entered into during a financial year, regardless of whether such amounts may relate in whole or in part to a later financial year, exclusive of taxes levied on premiums. Unearned premium represents the proportion of premiums written which is estimated to be earned in future financial years, computed separately for each insurance contract using the monthly pro rata method.

(n) Commissions

A ceding commission of 6% of premium written is payable to Brit Insurance Limited and is expensed in line with earned premium.

(o) Claims

Claims paid include all payments made in respect of the period with associated claims settlement expenses.

(p) Underwriting account

The underwriting profit or loss is transferred annually to the profit and loss account after making adequate provisions for known outstanding claims and IBNRs.

(q) Basis of accounting for underwriting activities

All classes of business are accounted for on an annual basis.

(r) Income and expenses

Income and expenses are accounted for on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2004 (continued)

2 SEGMENTAL REPORTING

The income and operating profit for the period derived from the group's principal activities carried out wholly in the UK and Guernsey, which are considered to represent one geographical market.

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Nine month period ended 31 December 2004	Two month period ended 31 March 2004
The profit on ordinary activities before taxation is stated after charging:		
Amortisation	78,399	17,422
Depreciation	157,711	37,402
Auditors' remuneration	27,000	25,000
Operating leases		
- land and buildings	196,276	38,340
- plant and machinery	2,586	1,724
- other	89,127	21,223
Loss on sale of tangible fixed assets	6,389	3,130

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit/(loss) on ordinary activities after taxation for the financial period is £3,671,691 (31 March 2004: loss £85,312)

4 DIRECTORS' REMUNERATION

	Nine month period ended 31 December 2004 £	Two month period ended 31 March 2004 £
Directors' emoluments	709,565	101,174
Company contributions to personal money purchase pension schemes	32,906	7,031
	<u>£742,471</u>	<u>£ 108,205</u>
Highest paid director	<u>£148,777</u>	<u>£ 20,940</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2004 (continued)

5 STAFF COSTS

	Nine month period ended 31 December 2004 £	Two month period ended 31 March 2004 £
Wages and salaries	4,150,124	747,159
Social Security costs	451,837	86,139
Other pension costs	139,230	30,045
	<u>£4,741,191</u>	<u>£ 863,343</u>
Average number of employees in the group:		
	Number 31 December 2004	Number 31 March 2004
Central	12	12
Tax Protection	40	40
Legal Expenses Insurance	24	25
Legal Services Centre	62	57
After the Event Services	28	23
Total	<u>166</u>	<u>157</u>

6 TAXATION

(a) Analysis of charge in the period

	Nine month period ended 31 December 2004 £	Two month period ended 31 March 2004 £
Corporation tax charge at 30%	857,223	93,402
Deferred tax	18,027	-
	<u>£875,250</u>	<u>£93,402</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2004 (continued)

6 TAXATION (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. The differences are explained below.

Profit on ordinary activities	2,764,706	240,574
Profit on ordinary activities multiplied by standard rate of corporation tax of 30%	829,412	72,172
Effects of:		
Expenses not deductible for tax purposes	12,545	1,572
Rate differences	(9,505)	-
Depreciation for period in excess of capital allowances	7,740	814
Other timing differences	7,128	18,844
Prior year adjustments	9,903	-
Current tax charge for the period (see (a) above)	£857,223	£93,402

7 DIVIDENDS

	Nine month period ended 31 December 2004 £	Two month Period ended 31 March 2004 £
Preference dividend payable	62,047	13,788
Ordinary dividend:		
Proposed final dividend of £7.25 per share (31 March 2004 : £ Nil)	500,000	-
	£562,047	£13,788

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 December 2004 (continued)

8 FIXED ASSET INVESTMENTS

COMPANY

	Shares in group undertakings £
At 1 April 2004	4,217,500
Transfer from subsidiary undertaking during the period	2,159,141
At 31 December 2004	<u>£6,376,641</u>

Subsidiaries held directly by the company:	Country of incorporation and operation	Ordinary shares held	Nature of business
Abbey Legal Holdings Limited	England	100%	Holding company
Abbey Legal Protection Limited	England	100%	Insurance intermediary
Abbey Tax Protection Limited	England	100%	Sale of tax protection insurance products
Ibex Reinsurance Company Limited	Guernsey	100%	Reinsurance Company

In the directors' opinion, the aggregate value of these investments is not less than the amounts at which those assets are included in the balance sheet.

9 INTANGIBLE FIXED ASSETS

GROUP	Goodwill £
COST	
At 1 April 2004 and 31 December 2004	£ 1,045,318
AMORTISATION	
At 1 April 2004	17,422
Charge for the period	78,399
At 31 December 2004	<u>£95,821</u>
NET BOOK VALUE	
At 31 December 2004	£949,497
At 1 April 2004	<u>£ 1,027,896</u>

The goodwill arising from the acquisition is being amortised over a period of 10 years, being the estimated useful life.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2004 (continued)

10 TANGIBLE FIXED ASSETS

GROUP AND COMPANY	Leasehold property £	Fixtures, fittings and equipment £	Total £
COST			
At 1 April 2004	50,180	1,012,830	1,063,010
Additions in period	38,988	199,020	238,008
Disposals in period	(777)	(108,783)	(109,560)
	<u>88,391</u>	<u>1,103,067</u>	<u>1,191,458</u>
At 31 December 2004			
DEPRECIATION			
At 1 April 2004	11,529	590,391	601,920
Charge for the period	7,255	150,456	157,711
Written back on disposal	(700)	(102,471)	(103,173)
	<u>18,084</u>	<u>638,374</u>	<u>656,458</u>
At 31 December 2004			
NET BOOK VALUE			
At 31 December 2004	£70,307	£464,693	£535,000
	<u>£38,651</u>	<u>£422,439</u>	<u>£461,090</u>
At 1 April 2004			

11 DEBTORS

	Group		Company	
	31 December 2004 £	31 March 2004 £	31 December 2004 £	31 March 2004 £
Due within one year				
Trade debtors	10,046,417	8,241,911	7,264,952	-
Other taxes and social security	2,954	4,526	2,954	-
Other debtors	714,266	1,651,346	704,737	-
Prepayments	663,384	809,887	186,317	-
	<u>11,427,021</u>	<u>10,707,670</u>	<u>8,158,960</u>	<u>-</u>
Due after more than one year				
Loans to ESOP	230,400	230,400	230,400	-
	<u>£11,657,421</u>	<u>£10,938,070</u>	<u>£8,389,360</u>	<u>£-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2004 (continued)

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31 December 2004	31 March 2004	31 December 2004	31 March 2004
	£	£	£	£
Loans to Company	475,000	1,204,514	475,000	1,204,514
Bank overdraft	29,832	148,656	29,832	22
Trade creditors	18,152,895	14,545,818	7,611,279	-
Amounts owed to group undertakings	-	-	984,615	1,280,167
Corporation tax	821,135	333,710	828,778	-
Other taxes and social security	255,425	212,061	255,425	-
Accruals and deferred income	5,182,955	3,096,439	5,182,957	-
Other creditors	153,840	90,802	153,840	22,241
Dividends payable	562,047	13,788	562,047	13,788
	<u>£25,633,129</u>	<u>£19,645,788</u>	<u>£15,343,773</u>	<u>£2,520,732</u>

13 SHARE CAPITAL

	31 December 2004 £	31 March 2004 £
Authorised:		
“Equity Shares”		
48,296 “A” ordinary shares of 1p each	483	483
20,698 “B” ordinary shares of 1p each	207	207
862,048,506 Undesignated ordinary shares of 1p each	8,620,485	8,620,485
“Preference shares”		
504,525 6% redeemable preference shares of £1 each	504,525	504,525
874,300 6% irredeemable preference shares of £1 each	874,300	874,300
	<u>£10,000,000</u>	<u>£10,000,000</u>
Issued, allocated and fully paid:		
“Equity Shares”		
48,296 “A” ordinary shares of 1p each	483	483
20,698 “B” ordinary shares of 1p each	207	207
“Preference Shares”		
504,525 6% redeemable preference shares of £1 each	504,525	504,525
874,300 6% irredeemable preference shares of £1 each	874,300	874,300
	<u>£1,379,515</u>	<u>£1,379,515</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2004 (continued)

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

GROUP	Share Capital £	Merger reserve £	Total Profit and loss account	Shareholders' funds £
Balance at 1 April 2004	1,379,515	402,565	133,384	1,915,464
Profit for the period	-	-	1,327,409	1,327,409
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 2004	£1,379,515	£402,565	£1,460,793	£3,242,873
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
COMPANY				
Balance at 1 April 2004	1,379,515	402,565	(85,312)	1,696,768
Profit for the period	-	-	3,171,691	3,171,691
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 2004	£1,379,515	£402,565	£3,086,379	£4,868,459
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15 PROVISION FOR LIABILITIES AND CHARGES

	Deferred Taxation £
At 1 April 2004	(18,027)
Movement in the period	18,027
	<u> </u>
Balance at 31 December 2004	£-
	<u> </u>

16 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard 8 in respect of transactions with group companies included within the consolidated accounts of the ultimate holding company.

O A Hemsley is a director of Numis Corporation plc which is the holder of 20,698 "B" Ordinary shares.

C. Davison, C. Ward and P. H. Crick are also directors of Abbey Legal Holdings Limited. C. Ward, P. H. Crick, R. H. Candy and M.S.C. Fairclough are also directors of Abbey Legal Protection Limited. C. Davison, E.A. Grace and P. H. Crick are also directors of Abbey Tax Protection Limited. C. Davison and C. Ward are also directors of Ibex Reinsurance Company Limited.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004 (continued)

17 OPERATING LEASE COMMITMENTS

At 31 December 2004 the company was committed to making the following payments under non cancellable operating leases in the year to 31 December 2005:

	Land and buildings		Other	
	31 December	31 March	31 December	31 March
	2004	2004	2004	2004
	£	£	£	£
The group has operating lease commitments as follows:				
Operating leases which expire:				
Within one year	-	-	21,770	7,883
Between two and five years	1,204	22,234	80,308	86,788
After more than five years	278,179	202,479	-	-
	<u>£279,383</u>	<u>£224,713</u>	<u>£102,078</u>	<u>£94,671</u>

18 CONTINGENT LIABILITIES

Barclays Bank Plc has issued an irrevocable standby letter of credit in respect of Brit Insurance Limited for £1,000,000 in connection with the insurance activities of Ibex Reinsurance Company Limited, this is secured on its bank balances.