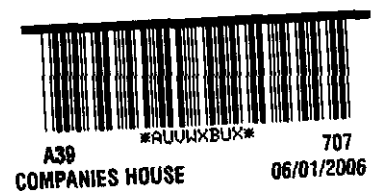


FOLGATE COMPLIANCE LIMITED

Report and Financial Statements

For the period from 24 February 2004 to 31 March 2005



FOLGATE COMPLIANCE LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2005

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FOLGATE COMPLIANCE LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P Cullum (Appointed 24/2/2004)
A Homer (Appointed 24/2/2004)
K Maciver (Appointed 24/2/2004)
T Philip (Appointed 24/2/2004)

SECRETARY

T Craton (Appointed 24/2/2004)

REGISTERED OFFICE

Towergate House
2 County Gate
Staceys Street
Maidstone
ME14 1ST

AUDITORS

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

FOLGATE COMPLIANCE LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2005

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period from incorporation on 24 February 2004 to 31 March 2005.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company has not traded since its incorporation on 24 February 2004 .

Pursuant to certain financing arrangements between The Royal Bank of Scotland plc and certain of its subsidiary companies ("RBS"), and The Folgate Partnership Limited (note 7), the company has granted security to RBS in respect of monies owed via a guarantee and debenture in favour of RBS pursuant to which, among other things, the company guarantees all monies and liabilities now or at any time hereafter due, owing or incurred from and by The Folgate Partnership Limited and its subsidiaries to RBS and has granted fixed and floating charges over the whole of its assets and undertakings.

DIVIDENDS

The directors do not propose the payment of any dividends for the period.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on page 1. The directors served throughout the period. The directors holding office at 31 March 2005 did not hold any beneficial interests in the issued share capital of the company at 1 April 2004 or 31 March 2005. The beneficial interests of the directors in the share capital of the ultimate parent company (note 7) are shown in the annual report of that company. None of the directors had an interest in the share capital of the company or any other group undertaking at any time during the year other than as already noted.

AUDITORS

Deloitte & Touche LLP resigned as auditors of the Company on 18th August 2005. KPMG Audit Plc were appointed as auditors on this date and have indicated their willingness to continue in office, and in accordance with the provisions of the Companies Act 1985, it is proposed that they be re-appointed to the Company for the ensuing year.

POLITICAL AND CHARITABLE DONATIONS

The company made no political or charitable contributions during the period.

Approved by the Board of Directors and signed on behalf of the Board

.....
Director

25 October 2005

Date

FOLGATE COMPLIANCE LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2005

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 the company and of the profit or loss of the company for that year. 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; 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 which 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 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.

FOLGATE COMPLIANCE LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2005

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF FOLGATE COMPLIANCE LIMITED

We have audited the financial statements on pages 5 to 9.

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 director's 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 Audit 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 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 the Company's affairs as at 31 March 2005 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

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

25 October

2005

FOLGATE COMPLIANCE LIMITED

PROFIT AND LOSS ACCOUNT

Period ended 31 March 2005

	Note	From 24 February 2004 to 31 March 2005 £
TURNOVER		-
RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	-
Tax charge on result on ordinary activities		-
RETAINED RESULT FOR PERIOD	5	-

There are no recognised gains or losses for the period. Accordingly, no statement of total recognised gains and losses is given.

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

FOLGATE COMPLIANCE LIMITED

BALANCE SHEET 31 March 2005

	Note	At 31 March 2005 £
CURRENT ASSETS		
Debtors	3	<u>1</u>
NET ASSETS		<u><u>1</u></u>
CAPITAL AND RESERVES		
Called up share capital	4	<u>1</u>
Profit and loss account	5	<u>-</u>
EQUITY SHAREHOLDERS' FUNDS	5	<u><u>1</u></u>

These financial statements were approved by the Board of Directors on 25 October 2005.

Signed on behalf of the Board of Directors

.....
Director

FOLGATE COMPLIANCE LIMITED

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE PERIOD ENDED 31 March 2005

	Note	From 24 February 2004 to 31 March 2005 £
RESULT FOR THE FINANCIAL PERIOD		-
NET MOVEMENT IN SHAREHOLDERS' FUNDS		-
SHAREHOLDERS' FUNDS ON INCORPORATION	5	1
CLOSING SHAREHOLDERS' FUNDS	5	<u>1</u>

FOLGATE COMPLIANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with United Kingdom law and applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of reporting

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement, on the grounds that more than 90% of the company's voting rights are controlled by The Folgate Partnership Limited (note 7) which prepares a consolidated cash flow statement.

Deferred taxation

In accordance with Financial Reporting Standard 19, deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. REMUNERATION OF DIRECTORS, EMPLOYEES AND AUDITORS

The directors are employees of The Folgate Partnership Limited (note 7) and are remunerated by that company for their services to the group as a whole. They received no remuneration for their services as directors of this company in the period. Their emoluments, where applicable, are included in the aggregate of directors' emoluments disclosed in the financial statements of The Folgate Partnership Limited.

Annual filing fees and audit fees were borne by Folgate Masterplan Limited. During the period ended 31 March 2005 the company did not have any employees.

3. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR

	2005 £	2004 £
Amounts due from parent undertaking	<u>1</u>	<u>1</u>

Included in amounts due from parent undertaking is £1 in relation to unpaid share capital.

4. CALLED UP SHARE CAPITAL

	2005 No. of shares	2005 £
Authorised:		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>
Called up, allotted and unpaid:		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

FOLGATE COMPLIANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2005

5. RESERVES

	Share capital called up and paid	Profit and loss reserve	Equity share- holders' funds
	£	£	£
At 24 February 2004 and 31 March 2005	<u>1</u>	<u>-</u>	<u>1</u>

6. RELATED PARTY TRANSACTIONS

P Cullum, the Chairman of The Folgate Partnership Limited, has a controlling interest in the Towergate Underwriting Group Limited (Towergate). All transactions between the company and Towergate during the year have been negotiated on an arm's length basis.

Advantage has been taken of the exemption under Financial Reporting Standard 8 not to disclose transactions between entities, 90% or more of whose voting rights are controlled within The Folgate Partnership Limited (note 7).

7. PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is The Folgate Network Partnership and ultimate parent undertaking and controlling party is The Folgate Partnership Limited, a company incorporated in Great Britain and registered in England and Wales. The Folgate Partnership Limited is the parent of the largest and smallest groups for which group financial statements are prepared and of which the company is a member. Copies of the group financial statements are available from its registered office at Towergate House, 2 County Gate, Staceys Street, Maidstone ME14 1ST.

8. CONTINGENT LIABILITY

Pursuant to certain financing arrangements between The Royal Bank of Scotland plc and certain of its subsidiary companies ("RBS"), and The Folgate Partnership Limited (note 7), the company has granted security to RBS in respect of monies owed via a guarantee and debenture in favour of RBS pursuant to which, among other things, the company guarantees all monies and liabilities now or at any time hereafter due, owing or incurred from and by The Folgate Partnership Limited and its subsidiaries to RBS and has granted fixed and floating charges over the whole of its assets and undertakings.