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Company Registration No. 5120350 (England and Wales)

BATEMAN GROUP HOLDINGS LIMITED
GROUP ANNUAL REPORT
FOR THE PERIOD ENDED 31 JULY 2005



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BATEMAN GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	J. Bateman J.D. Bateman
Secretary	J. Bateman
Company number	5120350
Registered office	Nelson House 2 Hamilton Terrace Leamington Spa Warwickshire
Auditors	Ollis & Co. Nelson House 2 Hamilton Terrace Leamington Spa Warwickshire
Business address	53 Smith Street Warwick CV34 4HO
Bankers	Barclays Bank plc Edgbaston Birmingham
Solicitors	Robert Lunn & Lowth 2 Sheep Street Stratford upon Avon Warwickshire

BATEMAN GROUP HOLDINGS LIMITED

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BATEMAN GROUP HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 2005

The directors present their report and financial statements for the period ended 31 July 2005.

Principal activities and review of the business

Bateman Group Holdings Limited was incorporated on 6th May 2004, and commenced trading on 1st August 2004.

The group's principal activity during the year was that of Insurance Investment and Corporate Consultants, and the sale of General Insurance Premiums.

The results for the period and the financial position at the period end for the group were considered satisfactory by the directors who expect continued growth for the group in the foreseeable future.

Results and dividends

The results for the period are set out on page 5.

Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

Directors

The following directors have held office since 1 August 2004:

J. Bateman

J.D. Bateman

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary Shares of £ 1 each	
	31 July 2005	1 August 2004
J. Bateman	1,600	1,600
J.D. Bateman	200	200

The directors have no interest in the shares of any other group company including rights to subscribe for shares.

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Creditor payment policy

The group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the group's contractual and other legal obligations.

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Ollis & Co., will be deemed to be reappointed for each succeeding financial year.

BATEMAN GROUP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2005

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 group and of the profit or loss of the group 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 group 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 the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



J.D. Bateman
Director
2 March 2006

BATEMAN GROUP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BATEMAN GROUP HOLDINGS LIMITED

We have audited the financial statements of Bateman Group Holdings Limited on pages 5 to 19 for the period ended 31 July 2005. 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 group'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 group'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 group 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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 the group'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 1985. We also report to you if, in our opinion, the group has not kept proper accounting records or 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 group is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements 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 group'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.

BATEMAN GROUP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF BATEMAN GROUP HOLDINGS LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the group's affairs as at 31 July 2005 and of the group's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the company is not entitled to the exemption from preparing group accounts conferred by section 248 of the Companies Act 1985.



Ollis & Co.

2 March 2006

Chartered Accountants
Registered Auditor

Nelson House
2 Hamilton Terrace
Leamington Spa
Warwickshire

BATEMAN GROUP HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 JULY 2005

	Notes	Period ended 31 July 2005 £
Turnover	2	934,626
Administrative expenses		(858,936)
Operating profit	3	75,690
Pension Review Costs		(7,500)
Profit on ordinary activities before interest		68,190
Investment income	4	447
Other interest receivable and similar income	4	8,248
Amounts written off investments	5	4,052
Interest payable and similar charges	6	(7,267)
Profit on ordinary activities before taxation		73,670
Tax on profit on ordinary activities	7	(15,174)
Profit on ordinary activities after taxation		58,496

The profit and loss account has been prepared on the basis that all operations are continuing operations.

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

Note of historical cost profits and losses

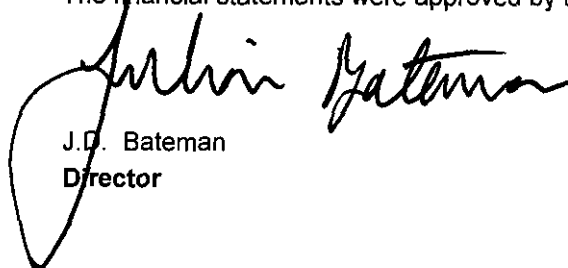
	Period ended 31 July 2005 £
Reported profit on ordinary activities before taxation	73,670
Realisation of property revaluation gains of previous years	93,083
Historical cost profit on ordinary activities before taxation	166,753
Historical cost profit for the period retained after taxation, extraordinary items and dividends	151,579

BATEMAN GROUP HOLDINGS LIMITED

GROUP BALANCE SHEET AS AT 31 JULY 2005

	Notes	2005 £	£
Fixed assets			
Tangible assets	10		180,720
Current assets			
Debtors	12	341,734	
Investments	13	19,316	
Cash at bank and in hand		329,122	
		690,172	
Creditors: amounts falling due within one year	14	(571,170)	
Net current assets			119,002
Total assets less current liabilities			299,722
Creditors: amounts falling due after more than one year	15		(36,083)
Provisions for liabilities and charges	16		(4,592)
			259,047
Capital and reserves			
Called up share capital	18		1,800
Other reserves			100
Profit and loss account			257,147
Shareholders' funds - equity interests	19		259,047

The financial statements were approved by the Board on 2 March 2006


J.D. Bateman
Director

BATEMAN GROUP HOLDINGS LIMITED

COMPANY BALANCE SHEET AS AT 31 JULY 2005

	Notes	2005 £	£
Fixed assets			
Tangible assets	10		135,000
Investments	11		5,901
			<u>140,901</u>
Current assets			
Debtors	12	13,399	
Investments	13	10,292	
Cash at bank and in hand		42,183	
		<u>65,874</u>	
Creditors: amounts falling due within one year	14	(15,792)	
Net current assets			<u>50,082</u>
			<u>190,983</u>
Capital and reserves			
Called up share capital	18		1,800
Profit and loss account			189,183
Shareholders' funds - equity interests	19		<u>190,983</u>

The financial statements were approved by the Board on 2 March 2006



J.D. Bateman
Director

BATEMAN GROUP HOLDINGS LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 JULY 2005

		Period ended 31 July 2005 £
	£	
Net cash inflow/(outflow) from operating activities		66,342
Pension Review costs		(7,500)
Returns on investments and servicing of finance		
Interest received	8,248	
Interest paid	(7,267)	
Net cash inflow/(outflow) for returns on investments and servicing of finance		981
Taxation		(2,072)
Capital expenditure		
Payments to acquire tangible assets	(23,965)	
Receipts from sales of tangible assets	(421)	
Net cash outflow for capital expenditure		(24,386)
Net cash inflow/(outflow) before management of liquid resources and financing		33,365
Management of liquid resources		
Current asset investments	(4,052)	
Bank deposits	138,664	
		134,612
Financing		
Issue of ordinary share capital	900	
Issue and purchase of shares	900	
Other new short term loans	501	
Repayment of long term bank loan	(30,215)	
Capital element of hire purchase contracts	11,268	
Net cash outflow from financing		(17,546)
Increase/(decrease) in cash in the period		150,431

BATEMAN GROUP HOLDINGS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 JULY 2005

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities			2005
				£
	Operating profit			75,690
	Depreciation of tangible assets			17,652
	Loss on disposal of tangible assets			421
	Decrease/(increase) in debtors			24,314
	(Decrease)/Increase in creditors within one year			(51,735)
	Net cash inflow/(outflow) from operating activities			66,342
2	Analysis of net funds/(debt)	1 August 2004	Cash flow	Other non-cash changes
		£	£	£
	Net cash:			
	Cash at bank and in hand	226,412	102,710	-
	Bank overdrafts	(47,721)	47,721	-
		<u>178,691</u>	<u>150,431</u>	<u>-</u>
	Liquid resources:			
	Current asset investments	15,264	4,052	-
	Bank deposits	138,664	(138,664)	-
		<u></u>	<u></u>	<u></u>
	Debt:			
	Finance leases	-	(11,268)	-
	Debts falling due within one year	(24,499)	(501)	-
	Debts falling due after one year	(73,530)	41,600	-
		<u>(98,029)</u>	<u>29,831</u>	<u>-</u>
	Net (debt)/funds	<u>234,590</u>	<u>45,650</u>	<u>-</u>
3	Reconciliation of net cash flow to movement in net funds			2005
				£
	Increase in cash in the period			150,431
	Cash inflow from decrease in liquid resources			(134,612)
	Cash outflow from decrease in debt and lease financing			29,831
	Movement in net funds in the period			45,650
	Opening net funds			234,590
	Closing net funds			280,240

BATEMAN GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land 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:

Land and buildings Freehold	Nil
Plant and machinery	25% Reducing Balance
Fixtures, fittings & equipment	15% Reducing Balance

No depreciation is provided in respect of freehold land.

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

Current asset investments are stated at the lower of cost and net realisable value.

1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period they are payable.

1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance had not been discounted.

BATEMAN GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2005

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit 2005 £

Operating profit is stated after charging:

Depreciation of tangible assets	17,652
Loss on disposal of tangible assets	421
Operating lease rentals	10,500
Auditors' remuneration	3,800
Remuneration of auditors for non-audit work	4,326

The exceptional Pension Review Costs represent the expenditure that the company has or will incur following its review of personal pension clients.

4 Investment income 2005 £

Income from fixed asset investments	447
Bank interest	8,248
	<u>8,695</u>

5 Amounts written off investments 2005 £

Amounts written off investments in prior years written back:

- current assets	(4,052)
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6 Interest payable 2005 £

On bank loans and overdrafts	<u>7,267</u>
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BATEMAN GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2005

7	Taxation	2005
		£
	Domestic current year tax	
	U.K. corporation tax	15,995
	Tax credits on franked investment income	45
		<hr/>
	Current tax charge	16,040
	Deferred tax	
	Deferred tax charge/credit current year	(866)
		<hr/>
		15,174
		<hr/>
	Factors affecting the tax charge for the period	
	Profit on ordinary activities before taxation	73,670
		<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00%	13,997
	Effects of:	
	Depreciation add back	2,043
		<hr/>
	Current tax charge	16,040
		<hr/>

8 Profit for the year

The parent undertaking has taken advantage of section 230 of the Companies Act 1985 and has not included its separate profit and loss account in these financial statements.

The profit for the financial year attributable to the company is £189,183.

9	Intangible fixed assets	Group	Company
		Goodwill	Goodwill
		£	£
	Cost		
	At 1 August 2004 & at 31 July 2005	129,453	-
		<hr/>	<hr/>
	Amortisation		
	At 1 August 2004 & at 31 July 2005	129,453	-
		<hr/>	<hr/>
	Net book value		
	At 31 July 2005	-	-
		<hr/>	<hr/>

BATEMAN GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2005

10 Tangible fixed assets	Group Land and buildings Freehold £	Group Plant and machinery £	Group Fixtures, fittings & equipment £	Group Total £
Cost				
At 1 August 2004	135,000	77,115	15,043	227,158
Additions	-	6,412	17,553	23,965
At 31 July 2005	135,000	83,527	32,596	251,123
Depreciation				
At 1 August 2004	-	45,617	7,134	52,751
Charge for the period	-	14,020	3,632	17,652
At 31 July 2005	-	59,637	10,766	70,403
Net book value				
At 31 July 2005	135,000	23,890	21,830	180,720

Tangible fixed assets	Company Land and buildings Freehold £	Company Plant and machinery £	Company Fixtures, fittings & equipment £	Company Total £
Cost				
At 1 August 2004	135,000	-	-	-
Additions	-	-	-	-
At 31 July 2005	135,000	-	-	-
Depreciation				
At 1 August 2004	-	-	-	-
Charge for the period	-	-	-	-
At 31 July 2005	-	-	-	-
Net book value				
At 31 July 2005	135,000	-	-	-

BATEMAN GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2005

12 Fixed Asset Investments

	Group 2005 £	Company 2005 £
Cost or valuation		
At 1 August 2004 & 31 July 2005	5,901	5,901

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
John Bateman Insurance Consultants Limited	England and Wales	Ordinary	100
John Bateman Limited	England and Wales	Ordinary	100
Bateman Asset Management Ltd	England and Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and Reserves	Profit for the year
John Bateman Insurance Consultants Limited	55,398	(19,326)
John Bateman Limited	7,070	(111,957)
Bateman Asset Management Limited	11,498	11,497

12 Debtors

	Group 2005 £	Company 2005 £
Trade debtors	320,600	-
Amounts owed by parent and fellow subsidiary undertakings	-	12,499
Other debtors	8,634	900
Prepayments and accrued income	12,500	-
	341,734	13,399

BATEMAN GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2005

13 Current asset investments	Group 2005 £	Company 2005 £
Other unlisted investments	19,316	10,292
14 Creditors: amounts falling due within one year	Group 2005 £	Company 2005 £
Bank loans and overdrafts	25,000	-
Net obligations under finance leases	7,115	-
Trade creditors	450,254	-
Amounts owed to parent and fellow subsidiary undertakings	-	15,792
Corporation tax	15,995	-
Other taxes and social security costs	11,051	-
Other creditors	18,217	-
Accruals and deferred income	43,538	-
	571,170	15,792

BATEMAN GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2005

15 Creditors: amounts falling due after more than one year	Group 2005 £	Company 2005 £
Bank loans	31,930	-
Net obligations under finance leases	4,153	-
	<u>36,083</u>	<u>-</u>
Analysis of loans		
Wholly repayable within five years	56,930	-
	<u>56,930</u>	<u>-</u>
Included in current liabilities	(25,000)	-
	<u>31,930</u>	<u>-</u>
Loan maturity analysis		
In more than two years but not more than five years	46,930	46,930
	<u>46,930</u>	<u>46,930</u>
Net obligations under finance leases		
Repayable within one year	10,346	10,346
Repayable between one and five years	6,031	6,031
	<u>16,377</u>	<u>16,377</u>
Finance charges and interest allocated to future accounting periods	(5,109)	(5,109)
	<u>11,268</u>	<u>11,268</u>
Included in liabilities falling due within one year	(7,115)	-
	<u>4,153</u>	<u>-</u>

Total secured creditors as at 31st July 2005 were £68,198.

The loans are secured by cross guarantees over the freehold deeds relating to the freehold premises in Smith Street, Warwick.

BATEMAN GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2005

16 Provisions for liabilities and charges

	Group Deferred tax liability £	Company Deferred tax liability £
Balance at 1 August 2004	5,458	-
Profit and loss account	(866)	-
Balance at 31 July 2005	<u>4,592</u>	<u>-</u>

The deferred tax liability is made up as follows:

	2005 £
Accelerated capital allowances	<u>4,592</u>

17 Pension costs

Defined contribution

	2005 £
Contributions payable by the company for the period	<u>13,485</u>

18 Share capital

	Group 2005 £	Company 2005 £
Authorised		
10,000 Ordinary Shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
1,800 Ordinary Shares of £1 each	<u>1,800</u>	<u>1,800</u>

BATEMAN GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2005

	Group 2005 £	Company 2005 £
19 Reconciliation of movements in shareholders' funds		
Profit for the financial period	58,496	189,183
Proceeds from issue of shares	900	1,800
Net addition to shareholders' funds	59,396	190,983
Opening shareholders' funds	199,651	199,651
Closing shareholders' funds	259,047	190,983

20 Contingent liabilities

The group has a contingent liability of £8,407 that relates to indemnity commission.

21 Financial commitments

At 31 July 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 July 2006:

	Land and buildings 2005 £
Operating leases which expire:	
Between two and five years	7,000

22 Directors' emoluments

	2005 £
Emoluments for qualifying services	94,809
Company pension contributions to money purchase schemes	1,089
	95,898

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2004 - 2).

BATEMAN GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2005

23 Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	2005 Number
Administration	16
Sales	10
	<u>26</u>

Employment costs

	2005 £
Wages and salaries	459,088
Social security costs	38,411
Other pension costs	13,485
	<u>510,984</u>

24 Control

The ultimate controlling parties are the directors J. Bateman and J.D. Bateman.