

FREEPRIME LIMITED
(Previously known as Castle Cover Limited)

Directors Report and Financial Statements
for the period ended 31 December 2006

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COMPANIES HOUSE

Company Registration No. 5575803

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General Information

Directors

The directors at the date of this report were as follows

Mr S R Morley-Ham
Ms T E Keill

Secretary

The company secretary is Ms T E Keill

Principal Bankers

Barclays Bank plc
1 Churchill Place
Canary Wharf
London E14 5HP

Auditors

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London SE1 2RD

Registered Office

3 More London Riverside
London SE1 2AQ

Company Registration Number

5575803

Parent Company

The immediate parent company is Primary Group (UK) Limited, and the ultimate parent company is Primary Group Limited

Directors' Report

The company was incorporated on 27 September 2005 as Freeprime Limited. The company changed its name to Castle Cover Limited on 24 January 2006 and to Freeprime Limited on 10 March 2006.

The directors present their annual report together with the audited financial statements of the company for the period from inception (27 September 2005) to 31 December 2006.

Results and dividend

Turnover was £Nil and the profit attributable to shareholders for the company for the period ended 31 December 2006 was £124 before tax. The directors do not recommend the payment of a final dividend for the period ended 31 December 2006.

Principal activities

The company's principal activity during the period was the preparation for the commencement of trade as an insurance service provider.

During the period, the company transferred all of its tangible fixed assets and intellectual property to Castle Cover Limited, for £461,064.

Tangible fixed assets

Movements in the tangible fixed assets held by the company are shown in Note 6.

Charitable donations

During the period the company made charitable donations of £Nil.

Directors and directors' interests

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

Mr S R Morley-Ham	(Appointed 14 October 2005)
Ms T E Keill	(Appointed 21 September 2007)
Ms S Buhagiar	(Appointed 27 September 2005, resigned 14 October 2005)
Mr P E Leppington	(Appointed 8 December 2005, resigned 21 September 2007)
Ms S P Bradbury	(Appointed 14 October 2005, resigned 21 September 2007)

The Company is not disclosing directors' interests in shares and share options, such a requirement having been removed from the Companies Act for directors' reports approved on or after 6 April 2007.

Auditors

PricewaterhouseCoopers succeeded Mazars as the independent auditors to the company on 13 June 2007. Resolutions to dispense with the requirement to reappoint auditors annually and to hold an Annual General Meeting were passed on 8 December 2005.

Statement of Disclosure of Information to Auditors

Each director in office at the date of approval of this report confirms that

- a) so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Approved by the board of directors and signed on behalf of the board



Tracy Keill
Director

5 November 2007

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities, is made for the purpose of clarifying the respective responsibilities of the directors and the auditors in the preparation of the financial statements

Company law requires the directors to prepare financial statements for each financial year, that give a true and fair view of the state of affairs of the Company at the end of the financial year 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, with the exception of changes arising on the adoption of new accounting standards in the year,
- 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 a going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FREEPRIME LIMITED

We have audited the financial statements of Freeprime Limited for the period ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit and cash flows for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

5 November 2007

17 December

**Profit and Loss Account
for the period ended 31 December 2006**

	Note	Period ended 31 December 2006 £
Operating profit	3	124
Profit on ordinary activities before taxation		124
Tax on profit on ordinary activities	5	-
Profit on ordinary activities after taxation		124
Retained profit for the financial period	9	124

All activities derive from discontinuing operations. There are no recognised gains or losses, other than those reflected in the profit for the financial period. Accordingly, no statement of total recognised gains and losses is given.

The notes to the accounts on pages 8 to 12 form an integral part of these financial statements.

Balance Sheet
as at 31 December 2006

	Note	31 December 2006 £
Fixed assets		
Tangible assets	6	-
		<hr/>
		-
Current assets		
Debtors	7	2
Cash at bank and in hand		124
		<hr/>
		126
Creditors: (amounts falling due within one year)		<hr/>
Net current assets		-
		126
Total assets less current liabilities		126
Creditors: (amounts falling due after more than one year)		<hr/>
		-
Provisions for liabilities and charges		
Deferred taxation		-
		<hr/>
		126
Capital and reserves		
Called up share capital	8	2
Profit and loss account	9	124
		<hr/>
	10	126
		<hr/>

The notes to the accounts on pages 8 to 12 form an integral part of these financial statements

The board of directors approved these financial statements on 5 November 2007

Signed on behalf of the board of directors



T E Keill
Director

5 November 2007

Notes to the financial statements for the period ended 31 December 2006

1. 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, with the exception of changes arising on the adoption of new accounting standards in the year,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed,
- 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 that 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. 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.

2. Accounting policies

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

Depreciation

Tangible fixed assets, including assets held under finance leases and hire purchase contracts, are written off on a straight line basis over their estimated useful lives (Note 6).

Cash flow statement

The company is a wholly owned subsidiary of Primary Group (UK) Limited, which prepares a consolidated cash flow statement. The company has therefore elected to make use of the exemption provided in Financial Reporting Standard No. 1 ("Cash Flow Statements") not to produce a cash flow statement.

3. Operating profit / (loss)

	Period ended 31 December 2006
The operating profit which originated in the United Kingdom for the period was arrived at after charging / (crediting)	£
Depreciation of owned assets	5,673
Proceeds on transfer of trade (Note 11)	(461,064)
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**Notes to the financial statements
for the period ended 31 December 2006**

4. Information regarding directors and employees

The aggregate emoluments of the directors of the company for the period ended 31 December 2006, were as follows

	Period ended 31 December 2006 £
Emoluments – including performance related bonus	<u>41,776</u>
Total emoluments	<u>41,776</u>

The highest paid director received remuneration of £41,776. The value of the Company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £3,353.

	Period ended 31 December 2006 £
Staff costs	
Wages and salaries	207,562
Social security costs	24,460
Other pension costs	<u>17,230</u>
	<u>249,252</u>

	Period ended 31 December 2006 No.
The average number of persons including executive directors employed by the company during the period was	<u>3</u>
The number of directors for the benefit of whom the company made contributions to money purchase pension schemes during the period was	<u>1</u>

**Notes to the financial statements
for the period ended 31 December 2006**

5. Taxation

(5a) Analysis of charge for the period

**Period
ended 31
December
2006
£**

Based on profit for the period at 30%

-

Tax charge for the period to 31 December (note 5(b))

-

(5b) Factors affecting tax charge for the period

**Period
ended 31
December
2006
£**

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

Profit / (Loss) on ordinary activities before tax

124

Profit on ordinary activities multiplied by standard rate
of corporation tax in the UK of 30%

37

Effects of

Expenses not deductible for tax purposes

319

Group relief receivable for nil consideration

(356)

Current tax charge for the period (note 5(a))

-

**Notes to the financial statements
for the period ended 31 December 2006**

6. Tangible fixed assets

	Fixtures, Fittings & Equipment £	Total £
Cost		
At beginning of period	-	-
Additions during the period	40,947	40,947
Disposals during the period	(40,947)	(40,947)
At 31 December 2006	-	-
Depreciation		
At beginning of period	-	-
Charge for the period	5,673	5,673
Disposals during the period	(5,673)	(5,673)
At 31 December 2006	-	-
Net book value		
At 31 December 2006	-	-
Depreciation rate	20/25%	

7. Debtors

	31 December 2006 £
Other debtors	2
	<u>2</u>

8. Called up share capital

	31 December 2006 £
Authorised:	
100 Ordinary shares of £1 each	100
Allotted, issued & fully paid:	
2 Ordinary shares of £1 each	2

**Notes to the financial statements
for the period ended 31 December 2006**

9. Statement of movements on reserves

	31 December 2006
Profit and loss account	£
At the start of the period	-
Retained profit / (loss) for the financial period	124
At the end of the period	124

10. Reconciliation of movements in shareholders' funds

	31 December 2006
	£
Profit for the financial period	124
Increase in share capital	2
Net additions to shareholders' funds	126
Opening shareholders' funds	-
Closing shareholders' funds	126

11. Auditors' remuneration

Fees payable to the Company's auditor for the audit of the statutory accounts for the year period ended 31 December 2006 were £3,000 and were borne by the parent company

12. Related party transactions

As permitted under FRS 8, transactions between group companies which are owned and controlled by more than 90% of the voting rights have not been disclosed

During the period, the company transferred all of its tangible fixed assets and intellectual property to Castle Cover Limited, a company in which Mr James is interested, for £461,064

13. Ultimate holding company

The ultimate holding company as at 31 December 2006 is Primary Group Limited, a company incorporated in Bermuda. In the opinion of the directors, the ultimate controllers at this date are the trustees of NUSA Trust and JIWO Trust, both trust companies being incorporated in the Cayman Islands and held to the benefit of Mr P W H James and his family