

GROUP
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RBIG LIMITED
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2002

Company Registration Number 02340607



RENNIE EVANS
Chartered Accountants & Registered Auditors
3/4 Statham Court
Statham Street
Macclesfield
Cheshire
SK11 6XN

RBIG LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

CONTENTS	PAGE
The directors' report	1
Independent auditors' report to the shareholders	4
Profit and loss account	6
Reconciliation of movements in shareholders' funds	7
Group balance sheet	8
Balance sheet	9
Group cash flow	
Cash flow statement	10
Notes to the financial statements	13
<i>The following pages do not form part of the financial statements</i>	
Detailed profit and loss account	26
Notes to the detailed profit and loss account	27

RBIG LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2002

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of a holding company and insurance brokers.

Across the insurance industry in the UK throughout the 2002 year, a succession of shock waves have conspired to make trading exceptionally difficult:

- the tragic events of September 11th 2001
- the collapse of the independent insurance company
- increasing Government regulations which, even now, are running into the future with a widening Financial Services Association net
- a marked fall in the Stock Market, and with it, a shortfall in Pension Funds.

These events have resulted in a significant increase in costs and working overhead, alongside a massive shift in resource requirements in all aspects of RBIG trading, particularly into the cost structures of the financial services and commercial insurance businesses. Similarly there has been a fundamental shift in the information and data requirements of commercial insurance underwriters, which the skill base that has been developed at RBIG over recent years is well placed to optimise the opportunities this creates. The development of associated technical skills 'in house' has long been an important RBIG strategy, and the requirements of clients and insurer suppliers alike are well met by these facilities.

The directors were, of course, well aware of the poor trading conditions and results during the year, and positive action taken is now showing through, with a much improved business performance to date 2003.

Whilst improved trading is fundamental, two major strategies have been executed to bring about marked strengthening in both liquidity and solvency:

- the business has moved into purpose-built new property, thereby releasing cash equity
- the Shareholders have injected new capital.

The latter, of course, evidences personal confidence and commitment, and positions the Group well to move forward into 2004.

RESULTS AND DIVIDENDS

The trading results for the year, and the group's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2002	2001
	£	£
Dividend paid on preference shares	<u>5,616</u>	<u>5,148</u>

RBIG LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2002

THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

		At 31 December 2002	At 1 January 2002
Mr R A Bolton	Ordinary	30,000	30,000
	Preference	50,000	50,000
Mr S G Astles	Ordinary	5,000	5,000
		—	—
Mr M W Davis	Ordinary	5,000	5,000
		—	—
Mr S M Hodgson	Ordinary	5,000	5,000
		—	—
Mr G Carey		—	—
		—	—
		<u> </u>	<u> </u>

Mr A K Laing retired as a director on 31 December 2002.

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 at the end of the year and of the group's profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 13 to 15, 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 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

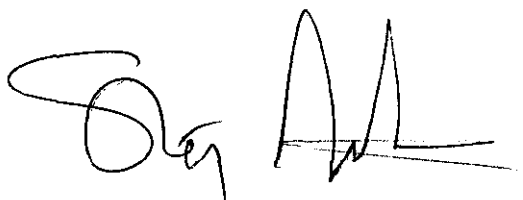
RBIG LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2002

AUDITORS

A resolution to re-appoint Rennie Evans as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
1 Grafton Place
Grafton Street
Hyde
Cheshire
SK14 2AX

Signed by order of the directors

A handwritten signature in black ink, appearing to be 'S G Astles', written over a horizontal line.

MR S G ASTLES
Company Secretary

Approved by the directors on 24 September 2003

RBIG LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2002

We have audited the financial statements on pages 6 to 24 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 13 to 15.

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 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 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 THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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 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 misstatements within it. Our responsibilities do not extend to any other information.

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.

RBIG LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 DECEMBER 2002
(continued)

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 and of the group as at 31 December 2002 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



RENNIE EVANS
Chartered Accountants
& Registered Auditors

24 September 2003

RBIG LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
GROUP TURNOVER	2	2,141,415	2,407,403
Distribution costs		166,945	138,811
Administrative expenses		2,110,013	2,064,659
OPERATING (LOSS)/PROFIT	3	(135,543)	203,933
Interest payable	6	37,751	51,695
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(173,294)	152,238
Tax on (loss)/profit on ordinary activities	7	(13,123)	41,619
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	8	(160,171)	110,619
Dividends (including non-equity)	9	5,616	5,148
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		(165,787)	105,471

The company has no recognised gains or losses other than the results for the
year as set out above.

All of the activities of the company are classed as continuing.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish
its own Profit and Loss Account.

RBIG LIMITED**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS****YEAR ENDED 31 DECEMBER 2002****Equity shareholders' funds**

	2002 £	2001 £
(Loss)/Profit for the financial year	(160,171)	110,619
Dividends	(5,616)	(5,148)
	(165,787)	105,471
Purchase of own equity shares	2,500	--
Premium on purchase of own equity shares	37,500	--
	(40,000)	--
Net (reduction)/addition to funds	(205,787)	105,471
Opening shareholders' equity funds	517,891	412,420
Closing shareholders' equity funds	312,104	517,891

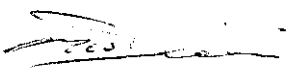
NON-EQUITY SHAREHOLDERS' FUNDS

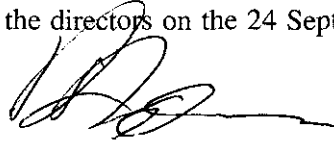
	2002 £	2001 £
Opening and closing shareholders' non-equity funds	50,000	50,000

RBIG LIMITED
GROUP BALANCE SHEET
31 DECEMBER 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Intangible assets	10	63,506	—
Tangible assets	11	780,566	890,632
		<u>844,072</u>	<u>890,632</u>
CURRENT ASSETS			
Debtors	13	1,213,509	1,874,117
Cash at bank and in hand		247,908	466,935
		<u>1,461,417</u>	<u>2,341,052</u>
CREDITORS: Amounts falling due within one year	14	<u>1,368,883</u>	<u>2,161,169</u>
NET CURRENT ASSETS		<u>92,534</u>	<u>179,883</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>936,606</u>	<u>1,070,515</u>
CREDITORS: Amounts falling due after more than one year	15	566,000	494,417
		<u>370,606</u>	<u>576,098</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	17	8,502	8,207
		<u>362,104</u>	<u>567,891</u>
CAPITAL AND RESERVES			
Called-up share capital	20	72,500	75,000
Revaluation reserve		10,657	10,657
Other reserves	21	2,500	—
Profit and loss account	21	276,447	482,234
SHAREHOLDERS' FUNDS (including non-equity interests)		<u>362,104</u>	<u>567,891</u>

These financial statements were approved by the directors on the 24 September 2003 and are signed on their behalf by:

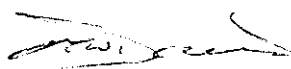

Mr M W Davis

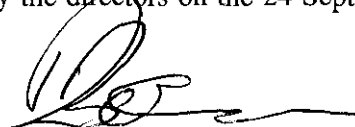

Mr R A Bolton

RBIG LIMITED
BALANCE SHEET
31 DECEMBER 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	11	718,697	771,285
Investments	12	21,003	21,003
		<u>739,700</u>	<u>792,288</u>
CURRENT ASSETS			
Debtors	13	76,147	61,752
Cash at bank		72,924	—
		<u>149,071</u>	<u>61,752</u>
CREDITORS: Amounts falling due within one year	14	<u>342,539</u>	<u>214,109</u>
NET CURRENT LIABILITIES		(193,468)	(152,357)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>546,232</u>	<u>639,931</u>
CREDITORS: Amounts falling due after more than one year	15	<u>456,000</u>	<u>494,000</u>
		<u>90,232</u>	<u>145,931</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	17	2,389	4,613
		<u>87,843</u>	<u>141,318</u>
CAPITAL AND RESERVES			
Called-up share capital	20	72,500	75,000
Revaluation reserve		10,657	10,657
Other reserves	21	2,500	—
Profit and loss account	21	2,186	55,661
SHAREHOLDERS' FUNDS (including non-equity interests)		<u>87,843</u>	<u>141,318</u>

These financial statements were approved by the directors on the 24 September 2003 and are signed on their behalf by:


Mr M W Davis


Mr R A Bolton

RBIG LIMITED
GROUP CASH FLOW
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2002

	2002		2001
	£	£	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(205,464)		599,684
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid	(36,374)		(45,392)
Interest element of hire purchase	(1,377)		(6,303)
Non-equity dividends paid	(5,616)		(5,148)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(43,367)		(56,843)
TAXATION	(37,681)		(26,150)
CAPITAL EXPENDITURE			
Payments to acquire intangible fixed assets	(82,675)		—
Payments to acquire tangible fixed assets	(3,777)		(13,179)
Receipts from sale of fixed assets	37,700		29,250
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE	(48,752)		16,071
CASH (OUTFLOW)/INFLOW BEFORE FINANCING	(335,264)		532,762
FINANCING			
Purchase of own equity shares	(2,500)		—
Premium on purchase of own equity shares	(37,500)		—
New bank loans	40,184		—
Repayment of bank loans	(38,000)		(38,000)
Capital element of hire purchase	(20,142)		(39,415)
New directors' long-term loans	110,000		—
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	52,042		(77,415)
(DECREASE)/INCREASE IN CASH	(283,222)		455,347

RBIG LIMITED
GROUP CASH FLOW
CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2002

**RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH
(OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2002	2001
	£	£
Operating (loss)/profit	(135,543)	203,933
Amortisation	19,169	—
Depreciation	55,407	38,821
Loss on disposal of fixed assets	20,736	11,150
Decrease/(Increase) in debtors	682,349	(182,950)
(Decrease)/Increase in creditors	(847,582)	528,730
Net cash (outflow)/inflow from operating activities	(205,464)	599,684

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2002		2001
	£	£	£
(Decrease)/Increase in cash in the period	(283,222)		455,347
Net cash (inflow) from/outflow from bank loans	(2,184)		38,000
Cash outflow in respect of hire purchase	20,142		39,415
Net cash (inflow) from directors' long-term loans	(110,000)		—
	(375,264)		532,762
Change in net debt	(375,264)		532,762
Net debt at 1 January 2002	(92,027)		(624,790)
Net debt at 31 December 2002	(467,291)		(92,027)

RBIG LIMITED
GROUP CASH FLOW
CASH FLOW STATEMENT *(continued)*
YEAR ENDED 31 DECEMBER 2002

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2002 £	Cash flows £	At 31 Dec 2002 £
Net cash:			
Cash in hand and at bank	466,935	(219,027)	247,908
Overdrafts	(6,820)	(64,195)	(71,015)
	<u>460,115</u>	<u>(283,222)</u>	<u>176,893</u>
Debt:			
Debt due within 1 year	(38,000)	(40,184)	(78,184)
Debt due after 1 year	(494,000)	(72,000)	(566,000)
Hire purchase agreements	(20,142)	20,142	-
	<u>(552,142)</u>	<u>(92,042)</u>	<u>(644,184)</u>
Net debt	<u>(92,027)</u>	<u>(375,264)</u>	<u>(467,291)</u>

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group accounts by virtue of section 230 of the Companies Act 1985.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Purchased Goodwill - over three years

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures and Fittings -25% straight line

Motor Vehicles -15% reducing balance

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES *(continued)*

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2002 £	2001 £
United Kingdom	2,116,915	2,407,403
Overseas	24,500	—
	<u>2,141,415</u>	<u>2,407,403</u>

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2002 £	2001 £
Amortisation	19,169	—
Depreciation	55,407	38,821
Loss on disposal of fixed assets	20,736	11,150
Auditors' remuneration		
- as auditors	17,836	14,250
- for other services	1,250	3,150
- accountancy	1,100	3,600
Operating lease costs:		
Plant and equipment	9,967	11,772
Vehicles	25,554	36,341
Net profit on foreign currency translation	<u>(2,991)</u>	<u>—</u>

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2002	2001
	No.	No.
Number of administrative staff	44	38
Number of management staff	5	5
	<u>49</u>	<u>43</u>

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	1,276,406	1,231,206
Social security costs	123,987	127,409
Other pension costs	177,126	178,167
Other pension costs	1,248	2,250
	<u>1,578,767</u>	<u>1,539,032</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2002	2001
	£	£
Emoluments receivable	430,514	411,036
Value of company pension contributions to money purchase schemes	31,924	29,292
	<u>462,438</u>	<u>440,328</u>

Emoluments of highest paid director:

	2002	2001
	£	£
Total emoluments (excluding pension contributions):	121,071	121,800
Value of company pension contributions to money purchase schemes	10,000	—
	<u>131,071</u>	<u>121,800</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2002	2001
	No.	No.
Money purchase schemes	<u>5</u>	<u>5</u>

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

6. INTEREST PAYABLE

	2002	2001
	£	£
Interest payable on bank borrowing	2,199	2,728
Finance charges	1,377	6,303
Other similar charges payable	34,175	42,664
	<u>37,751</u>	<u>51,695</u>

7. TAX ON LOSS OR PROFIT ON ORDINARY ACTIVITIES**(a) Taxation**

	2002	2001
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 20% (2001 - 20%)	(13,418)	39,423
Over/under provision in prior year	-	(33)
Total current tax	<u>(13,418)</u>	<u>39,390</u>
Deferred tax:		
Increase in deferred tax provision	295	2,229
Tax on loss or profit on ordinary activities	<u>(13,123)</u>	<u>41,619</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2001 - 20%).

	2002	2001
	£	£
(Loss)/profit on ordinary activities before taxation	<u>(173,294)</u>	<u>152,238</u>
Profit/(loss) on ordinary activities by rate of tax	(34,659)	30,449
Group relief	918	-
Expenses not deductible for tax purposes	18,901	16,339
Capital allowances in the period in excess of depreciation	1,422	(8,153)
Expenses restricted for tax purposes	-	1,041
Marginal relief	-	(253)
Over/under provisions in earlier years	-	(33)
Total current tax (note 7(a))	<u>(13,418)</u>	<u>39,390</u>

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

8. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the accounts of the parent company was £(7,859) (2001 - £(6,613)).

9. DIVIDENDS

The following dividends have been paid in respect of the year:

	2002	2001
	£	£
Dividend paid on preference shares	<u>5,616</u>	<u>5,148</u>

10. INTANGIBLE FIXED ASSETS

Group	Goodwill
	£
COST	
Additions	82,675
At 31 December 2002	<u>82,675</u>
AMORTISATION	
Charge for the year	19,169
At 31 December 2002	<u>19,169</u>
NET BOOK VALUE	
At 31 December 2002	<u>63,506</u>
At 31 December 2001	<u>-</u>

During the year, RBIG Financial Services Ltd purchased the rights to the historic income stream and marketing access to the bank of clients of two businesses. For one of these transactions, the consideration is payable over a period of three years, and the agreement provides that payments can be reduced if the gross commission income falls below a certain level, or if clawback occurs on policies sold before the date of the agreement.

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

11. TANGIBLE FIXED ASSETS

Group	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST OR VALUATION				
At 1 January 2002	715,000	289,824	138,513	1,143,337
Additions	–	3,777	–	3,777
Disposals	–	–	(124,018)	(124,018)
At 31 December 2002	<u>715,000</u>	<u>293,601</u>	<u>14,495</u>	<u>1,023,096</u>
DEPRECIATION				
At 1 January 2002	–	178,743	73,962	252,705
Charge for the year	–	53,878	1,529	55,407
On disposals	–	–	(65,582)	(65,582)
At 31 December 2002	<u>–</u>	<u>232,621</u>	<u>9,909</u>	<u>242,530</u>
NET BOOK VALUE				
At 31 December 2002	<u>715,000</u>	<u>60,980</u>	<u>4,586</u>	<u>780,566</u>
At 31 December 2001	<u>715,000</u>	<u>111,081</u>	<u>64,551</u>	<u>890,632</u>

Revaluation of fixed assets

The company's Freehold property was revalued in the year to 31 December 2000 by Timothy R Luckman BSc (Hons) ARICS of Chesterton International Property Consultants. The valuation based on Open Market Value was £715,000. The property was previously revalued in 1998 at £770,000.

Depreciation has not been provided on the Freehold Property, as the directors believe that the Net Realisable Value of the property is likely to be greater than the carrying value in the accounts.

In respect of assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2002 £	2001 £
NBV of revalued tangible fixed assets (first group):		
Net book value at end of year	<u>715,000</u>	<u>715,000</u>
Historical cost	<u>575,000</u>	<u>575,000</u>

Hire purchase agreements

Included within the net book value of £780,566 is £Nil (2001 - £32,442) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £Nil (2001 - £9,640).

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

11. TANGIBLE FIXED ASSETS *(continued)*

Company	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST OR VALUATION				
At 1 January 2002	715,000	163,793	20,694	899,487
Disposals	—	—	(20,694)	(20,694)
At 31 December 2002	<u>715,000</u>	<u>163,793</u>	<u>—</u>	<u>878,793</u>
DEPRECIATION				
At 1 January 2002	—	119,148	9,054	128,202
Charge for the year	—	40,948	—	40,948
On disposals	—	—	(9,054)	(9,054)
At 31 December 2002	<u>—</u>	<u>160,096</u>	<u>—</u>	<u>160,096</u>
NET BOOK VALUE				
At 31 December 2002	<u>715,000</u>	<u>3,697</u>	<u>—</u>	<u>718,697</u>
At 31 December 2001	<u>715,000</u>	<u>44,645</u>	<u>11,640</u>	<u>771,285</u>

Revaluation of fixed assets

The company's Freehold property was revalued in the year to 31 December 2000 by Timothy R Luckman BSc (Hons) ARICS of Chesterton International Property Consultants. The valuation based on Open Market Value was £715,000. The property was previously revalued in 1998 at £770,000.

Depreciation has not been provided on the Freehold Property, as the directors believe that the Net Realisable Value of the property is likely to be greater than the carrying value in the accounts.

In respect of assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2002 £	2001 £
NBV of revalued tangible fixed assets (first group):		
Net book value at end of year	<u>715,000</u>	<u>715,000</u>
Historical cost	<u>575,000</u>	<u>575,000</u>

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

12. INVESTMENTS

Company	Group companies
	£
COST	
At 1 January 2002 and 31 December 2002	<u><u>21,003</u></u>
NET BOOK VALUE	
At 31 December 2002	<u><u>21,003</u></u>
At 31 December 2001	<u><u>21,003</u></u>

13. DEBTORS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Trade debtors	1,149,626	1,812,204	–	–
Amounts owed by group undertakings	–	–	53,411	26,328
Other debtors	35,519	11,089	16,494	9,836
Directors current account - R Bolton	–	13,977	–	13,977
Prepayments and accrued income	28,364	36,847	6,242	11,611
	<u><u>1,213,509</u></u>	<u><u>1,874,117</u></u>	<u><u>76,147</u></u>	<u><u>61,752</u></u>

14. CREDITORS: Amounts falling due within one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans and overdrafts	149,199	44,820	78,184	56,656
Trade creditors	912,578	1,861,093	–	–
Amounts owed to group undertakings	–	–	16,207	44,610
Hire purchase agreements	–	19,725	–	–
Directors' loan accounts	85,809	63,692	195,809	63,692
Other creditors	51,252	85,228	9,493	16,260
Accruals and deferred income	170,045	86,611	42,846	32,891
	<u><u>1,368,883</u></u>	<u><u>2,161,169</u></u>	<u><u>342,539</u></u>	<u><u>214,109</u></u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans and overdrafts	<u><u>38,000</u></u>	<u><u>38,000</u></u>	<u><u>38,000</u></u>	<u><u>38,000</u></u>

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

15. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans and overdrafts	456,000	494,000	456,000	494,000
Hire purchase agreements	-	417	-	-
Directors' loan accounts	110,000	-	-	-
	<u>566,000</u>	<u>494,417</u>	<u>456,000</u>	<u>494,000</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans and overdrafts	456,000	494,000	456,000	494,000

The bank loan is secured by a Cross Guarantee and Debenture between RBIG Ltd, RBIG Corporate Risk Services Ltd and RBIG Financial Services Ltd, and by a first Legal Charge over the company's freehold property.

16. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Amounts payable within 1 year	-	19,725	-	-
Amounts payable between 2 to 5 years	-	417	-	-
	<u>-</u>	<u>20,142</u>	<u>-</u>	<u>-</u>

17. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Provision brought forward	8,207	5,978	4,613	-
Increase/(Decrease) in provision	295	2,229	(2,224)	4,613
Provision carried forward	<u>8,502</u>	<u>8,207</u>	<u>2,389</u>	<u>4,613</u>

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>8,502</u>	<u>8,207</u>	<u>2,389</u>	<u>4,613</u>

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2002 the group had annual commitments under non-cancellable operating leases as set out below.

Group	Assets other than land and buildings	
	2002	2001
	£	£
Operating leases which expire:		
Within 1 year	26,686	32,095
Within 2 to 5 years	38,114	65,315
	<u>64,800</u>	<u>97,410</u>

19. RELATED PARTY TRANSACTIONS

The company was under the control of Mr Richard Bolton throughout the current and previous year. Mr Bolton is the managing director and majority shareholder of RBIG Ltd.

The company has two trading subsidiaries, RBIG Corporate Risk Services Limited (principal activity - provision of insurance advice and the sale of insurance policies, 99.9% owned) and RBIG Financial Services Limited (principal activity- the sale of life and pension policies, 99.995% owned). RBIG Limited charge both companies service fees for acting as the holding company. Service fees have been charged as follows:

To RBIG Corporate Risk Services Ltd £493,000 (2001 £572,564) To RBIG Financial Services Ltd £127,000 (2001 £127,444)

The company also had intercompany loans with its subsidiaries. The balances of those loans at the end of the year are as follows:

Owing to RBIG Corporate Risk Services Ltd £16,207 (2001 owing from RBIG Corporate Risk Services Ltd £26,328)

Owing from RBIG Financial Services Ltd £53,410 (2001 £44,610).

The company also has two wholly owned dormant subsidiaries, Mentor Business Management Ltd and RBIG Insurance Services Ltd.

All the subsidiaries were incorporated in England, and have been included in the consolidated accounts.

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

20. SHARE CAPITAL**Authorised share capital:**

	2002 £	2001 £
50,000 Ordinary shares of £0.50 each	25,000	25,000
50,000 Preference shares of £1 each	50,000	50,000
	<u>75,000</u>	<u>75,000</u>

Allotted, called up and fully paid:

	2002		2001	
	No.	£	No.	£
Ordinary shares	45,000	22,500	50,000	25,000
Preference shares	50,000	50,000	50,000	50,000
	<u>95,000</u>	<u>72,500</u>	<u>100,000</u>	<u>75,000</u>

21. RESERVES**Group**

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	10,657	–	376,763
Retained profit for the year	–	–	110,619
Dividends	–	–	(5,148)
Balance brought forward	10,657	–	482,234
Loss for the year	–	–	(160,171)
Dividends	–	–	(5,616)
Other movements			
Purchase of own shares	–	2,500	(40,000)
Balance carried forward	<u>10,657</u>	<u>2,500</u>	<u>276,447</u>

Company

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	10,657	–	67,422
Loss for the year	–	–	(6,613)
Dividends	–	–	(5,148)
Balance brought forward	10,657	–	55,661
Loss for the year	–	–	(7,859)
Dividends	–	–	(5,616)
Other movements			
Purchase of own shares	–	2,500	(40,000)
Balance carried forward	<u>10,657</u>	<u>2,500</u>	<u>2,186</u>

RBIG LIMITED
MANAGEMENT INFORMATION
YEAR ENDED 31 DECEMBER 2002

The following pages do not form part of the statutory financial statements which are the subject of the independent auditors' report on pages 4 to 5.

RBIG LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2002

	2002		2001
	£	£	£
TURNOVER	2,141,415		2,407,403
OVERHEADS			
Distribution costs	166,945		138,811
Administrative expenses	<u>2,110,013</u>		<u>2,064,659</u>
	<u>2,276,958</u>		<u>2,203,470</u>
OPERATING (LOSS)/PROFIT	(135,543)		<u>203,933</u>
Interest payable	<u>(37,751)</u>		<u>(51,695)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES	<u><u>(173,294)</u></u>		<u><u>152,238</u></u>

RBIG LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2002

	2002		2001	
	£	£	£	£
DISTRIBUTION COSTS				
Salaries		110,520		115,023
NIC on distribution labour		9,640		12,638
Commissions paid		27,616		—
Amortisation of goodwill		19,169		—
Loss on disposal of fixed assets		—		11,150
		<u>166,945</u>		<u>138,811</u>
ADMINISTRATIVE EXPENSES				
Personnel costs				
Directors salaries	357,695		316,883	
Directors fees	23,384		41,790	
Directors NIC	43,259		34,143	
Directors bonus	1,248		2,250	
Directors pension contributions	31,924		29,877	
Administrative staff salaries	784,807		757,510	
Employers NIC	71,088		80,628	
Staff pension contributions	71,752		70,479	
Pension review costs	35,837		35,541	
Compliance costs	37,613		42,270	
		<u>1,458,607</u>		<u>1,411,371</u>
Establishment expenses				
Rent, rates and water	5,824		14,589	
Rates and water	47,759		38,654	
Light and heat	8,660		5,579	
Insurance	25,574		27,453	
Repairs and maintenance	6,831		12,772	
Cleaning of premises	1,050		6,116	
Subs & Training	2,219		1,335	
		<u>97,917</u>		<u>106,498</u>
General expenses				
Motor expenses	66,253		61,694	
Travel and subsistence	5,181		16,739	
Vehicle leasing charges	25,554		36,341	
Telephone	58,224		64,452	
Hire of equipment	46,738		62,379	
Printing, stationery and postage	37,973		42,020	
Computer Expenses and Consumables	34,154		21,981	
Staff training	1,797		130	
Sundry expenses	6,679		8,430	
General expenses	14,798		14,538	
Advertising	11,265		21,077	
Entertaining	74,761		70,542	
Legal and professional fees	1,641		9,121	
Professional fees	17,352		19,713	
Consultancy	19,920		14,399	
		<u>422,290</u>		<u>463,556</u>
Carried forward		<u>1,556,524</u>		<u>1,517,869</u>

RBIG LIMITED**NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2002**

	2002		2001	
	£	£	£	£
ADMINISTRATIVE EXPENSES <i>(continued)</i>				
Brought forward	422,290	1,556,524	463,556	1,517,869
Accountancy fees	21,441		9,540	
Auditors remuneration	17,836		14,250	
Depreciation of fixtures and fittings	53,878		18,612	
Depreciation of motor vehicles	1,529		20,209	
Loss on disposal of fixed assets	20,736		—	
		537,710		526,167
Financial costs				
Operating lease: Equipment	9,967		11,772	
Bank charges	8,803		8,851	
Foreign currency gains/losses	(2,991)		—	
		15,779		20,623
		<u>2,110,013</u>		<u>2,064,659</u>
INTEREST PAYABLE				
Bank interest payable		2,199		2,728
HP/Finance lease charges		1,377		6,303
Interest on other loans		34,175		42,664
		<u>37,751</u>		<u>51,695</u>