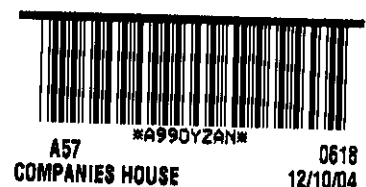


COMPANY REGISTRATION NUMBER 02340607

RBIG LIMITED
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2003



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

RBIG LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

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RBIG LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2003

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

The Directors are pleased to report that, as predicted in last year's report, the trading results for this year for both the company and the group are considerably improved. The directors expect to see a continuing improvement in the trading results, as the group is well-positioned to develop any growth opportunities that arise from the changes in the regulatory framework.

The strategies pursued in the year, also referred to last year, of moving into a new purpose-built property, and issuing new shares to the existing shareholders, resulting in a release and injection of capital, have combined with the improved trading results to considerably strengthen the Balance Sheet of the company and the group.

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:

	2003	2002
	£	£
Dividend paid on preference shares	<u>5,616</u>	<u>5,616</u>

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	At
	Class of share	31 December 2003	1 January 2003
Mr R A Bolton	Ordinary	310,000	30,000
	Preference	50,000	50,000
Mr S G Astles	Ordinary	65,000	5,000
Mr M W Davis	Ordinary	65,000	5,000
Mr S M Hodgson	Ordinary	<u>65,000</u>	<u>5,000</u>

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:

RBIG LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2003

select suitable accounting policies, as described on pages 12 to 14, 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

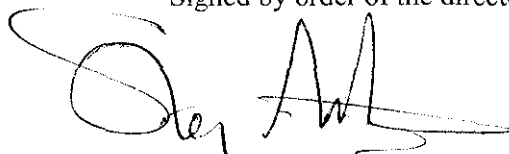
prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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.

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.

Signed by order of the directors

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

MR S G ASTLES
Company Secretary

Approved by the directors on 10 August 2004

RBIG LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RBIG LIMITED

YEAR ENDED 31 DECEMBER 2003

We have audited the financial statements on pages 5 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 12 to 14.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.*

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 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.

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.



R G Evans B.Com. F.C.A. M J Evans B.Com. A.C.A. S G Jones F.C.A.
S J Oldfield (Consultant) A.C.A

RBIG LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
RBIG LIMITED
YEAR ENDED 31 DECEMBER 2003

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 2003 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
RENNIE EVANS
Chartered Accountants
& Registered Auditors

11 August 2004

RBIG LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2003

	Note	2003 £	2002 £
GROUP TURNOVER	2	2,355,360	2,141,415
Distribution costs		166,495	166,945
Administrative expenses		2,019,484	2,110,013
Other operating income	3	(7,393)	—
OPERATING PROFIT/(LOSS)	4	176,774	(135,543)
Interest receivable		3,612	—
Interest payable	7	(24,332)	(37,751)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		156,054	(173,294)
Tax on profit/(loss) on ordinary activities	8	32,323	(13,123)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	9	123,731	(160,171)
Dividends (including non-equity)	10	5,616	5,616
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		118,115	(165,787)

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

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

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

The notes on pages 12 to 24 form part of these financial statements.

RBIG LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2003

Equity shareholders' funds

	2003 £	2002 £
Profit/(Loss) for the financial year	123,731	(160,171)
Dividends	(5,616)	(5,616)
	<u>118,115</u>	<u>(165,787)</u>
New equity share capital subscribed	230,000	—
Purchase of own equity shares		(2,500)
Premium on purchase of own equity shares		(37,500)
	<u>—</u>	<u>(40,000)</u>
Net addition/(reduction) to funds	348,115	(205,787)
Opening shareholders' equity funds	312,104	517,891
Closing shareholders' equity funds	<u>660,219</u>	<u>312,104</u>

NON-EQUITY SHAREHOLDERS' FUNDS

	2003 £	2002 £
Opening and closing shareholders' non-equity funds	<u>50,000</u>	<u>50,000</u>

The notes on pages 12 to 24 form part of these financial statements.

RBIG LIMITED
GROUP BALANCE SHEET
31 DECEMBER 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Intangible assets	11	35,022	63,506
Tangible assets	12	88,704	780,566
		<u>123,726</u>	<u>844,072</u>
CURRENT ASSETS			
Debtors	14	1,548,806	1,213,509
Cash at bank and in hand		532,498	247,908
		<u>2,081,304</u>	<u>1,461,417</u>
CREDITORS: Amounts falling due within one year	15	<u>1,465,556</u>	<u>1,368,883</u>
NET CURRENT ASSETS		<u>615,748</u>	<u>92,534</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>739,474</u>	<u>936,606</u>
CREDITORS: Amounts falling due after more than one year			
	16	25,729	566,000
		<u>713,745</u>	<u>370,606</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	18	3,526	8,502
		<u>710,219</u>	<u>362,104</u>
CAPITAL AND RESERVES			
Called-up share capital	21	302,500	72,500
Revaluation reserve	22	—	10,657
Other reserves	22	2,500	2,500
Profit and loss account	22	405,219	276,447
SHAREHOLDERS' FUNDS (including non-equity interests)		<u>710,219</u>	<u>362,104</u>

These financial statements were approved by the directors on the 10 August 2004 and are signed on their behalf by:



Mr M W Davis



Mr R A Bolton

The notes on pages 12 to 24 form part of these financial statements.

RBIG LIMITED
BALANCE SHEET
31 DECEMBER 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	12	62,282	718,697
Investments	13	21,003	21,003
		<u>83,285</u>	<u>739,700</u>
CURRENT ASSETS			
Debtors	14	48,737	76,147
Cash at bank		311,043	72,924
		<u>359,780</u>	<u>149,071</u>
CREDITORS: Amounts falling due within one year	15	<u>84,528</u>	<u>342,539</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>275,252</u>	<u>(193,468)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>358,537</u>	<u>546,232</u>
CREDITORS: Amounts falling due after more than one year			
	16	25,729	456,000
		<u>332,808</u>	<u>90,232</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	18	1,033	2,389
		<u>331,775</u>	<u>87,843</u>
CAPITAL AND RESERVES			
Called-up share capital	21	302,500	72,500
Revaluation reserve	22	—	10,657
Other reserves	22	2,500	2,500
Profit and loss account	22	26,775	2,186
SHAREHOLDERS' FUNDS (including non-equity interests)		<u>331,775</u>	<u>87,843</u>

These financial statements were approved by the directors on the 10 August 2004 and are signed on their behalf by:



Mr M W Davis



Mr R A Bolton

The notes on pages 12 to 24 form part of these financial statements.

RBIG LIMITED
GROUP CASH FLOW CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2003

	2003 £	2002 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	513	(205,464)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	3,612	—
Interest paid	(24,332)	(36,374)
Interest element of hire purchase	—	(1,377)
Non-equity dividends paid	(5,616)	(5,616)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(26,336)	(43,367)
TAXATION	21,942	(37,681)
CAPITAL EXPENDITURE		
Payments to acquire intangible fixed assets	—	(82,675)
Payments to acquire tangible fixed assets	(65,389)	(3,777)
Receipts from sale of fixed assets	802,200	37,700
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE	736,811	(48,752)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING	732,930	(335,264)
FINANCING		
Issue of equity share capital	230,000	—
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	(534,184)	(38,000)
Capital element of hire purchase	35,085	(20,142)
Repayment of directors' long-term loans	(110,000)	110,000
NET CASH (OUTFLOW)/INFLOW FROM FINANCING	(379,099)	52,042
INCREASE/(DECREASE) IN CASH	353,831	(283,222)

The notes on pages 12 to 24 form part of these financial statements.

RBIG LIMITED

GROUP CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2003

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

	2003 £	2002 £
Operating profit/(loss)	176,774	(135,543)
Amortisation	26,710	19,169
Depreciation	37,665	55,407
(Profit)/Loss on disposal of fixed assets	(82,614)	20,736
(Increase)/decrease in debtors	(357,038)	682,349
Increase/(decrease) in creditors	199,016	(847,582)
Net cash inflow/(outflow) from operating activities	513	(205,464)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2003 £	2002 £
Increase/(decrease) in cash in the period	353,831	(283,222)
Net cash outflow from/(inflow) from bank loans	534,184	(2,184)
Cash outflow in respect of hire purchase	(35,085)	20,142
Net cash outflow from/(inflow) from directors' long-term loans	110,000	(110,000)
	962,930	(375,264)
Change in net funds	962,930	(375,264)
Net debt at 1 January 2003	(467,291)	(92,027)
Net funds at 31 December 2003	497,413	(467,291)

The notes on pages 12 to 24 form part of these financial statements.

RBIG LIMITED

GROUP CASH FLOW CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2003

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2003 £	Cash flows £	At 31 Dec 2003 £
Net cash:			
Cash in hand and at bank	247,908	284,590	532,498
Overdrafts	(71,015)	71,015	—
	<u>176,893</u>	<u>355,605</u>	<u>532,498</u>
Debt:			
Debt due within 1 year	(78,184)	78,184	—
Debt due after 1 year	(566,000)	566,000	—
Hire purchase agreements	—	(35,085)	(35,085)
	<u>(644,184)</u>	<u>609,099</u>	<u>(35,085)</u>
Net funds	<u>(467,291)</u>	<u>964,704</u>	<u>497,413</u>

The notes on pages 12 to 24 form part of these financial statements.

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

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 financial statements incorporate the financial statements 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 financial statements 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

Fixed assets

All fixed assets are initially recorded at cost.

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

Property Improvements - 12% straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES *(continued)*

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.

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.

RBIG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES *(continued)*

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.

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 profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2003 £	2002 £
United Kingdom	2,355,360	2,116,915
Overseas	—	24,500
	<u>2,355,360</u>	<u>2,141,415</u>

3. OTHER OPERATING INCOME

	2003 £	2002 £
Rent receivable	7,000	—
Other operating income	393	—
	<u>7,393</u>	<u>—</u>

RBIG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

4. OPERATING PROFIT/(LOSS)

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

	2003	2002
	£	£
Amortisation	26,710	19,169
Depreciation of owned fixed assets	36,254	55,407
Depreciation of assets held under hire purchase agreements	1,411	—
(Profit)/Loss on disposal of fixed assets	(82,614)	20,736
Auditors' remuneration		
- as auditors	20,891	17,836
- for other services	2,350	2,350
Operating lease costs:		
Plant and equipment	10,297	9,967
Vehicles	20,014	25,554
Net profit on foreign currency translation	—	(2,991)

Auditors' fees

The fees charged by the auditors can be further analysed under the following headings for services rendered:

	2003	2002
	£	£
Audit	20,891	17,837
Accountancy	1,100	1,250
Taxation	1,250	1,100
	<u>23,241</u>	<u>20,187</u>

5. PARTICULARS OF EMPLOYEES

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

	2003	2002
	No	No
Number of administrative staff	40	44
Number of management staff	6	5
	<u>46</u>	<u>49</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	1,273,482	1,276,406
Social security costs	128,689	123,987
Other pension costs	133,643	177,126
Other pension costs	5,268	1,248
	<u>1,541,082</u>	<u>1,578,767</u>

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

6. DIRECTORS' EMOLUMENTS

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

	2003	2002
	£	£
Emoluments receivable	430,167	430,514
Value of company pension contributions to money purchase schemes	37,441	31,924
	<u>467,608</u>	<u>462,438</u>

Emoluments of highest paid director:

	2003	2002
	£	£
Total emoluments (excluding pension contributions)	113,672	121,071
Value of company pension contributions to money purchase schemes	10,000	10,000
	<u>123,672</u>	<u>131,071</u>

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

	2003	2002
	No	No
Money purchase schemes	<u>6</u>	<u>5</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Interest payable on bank borrowing	2,428	2,199
Finance charges	—	1,377
Other similar charges payable	21,904	34,175
	<u>24,332</u>	<u>37,751</u>

RBIG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2002 - 20%)	37,500	(13,418)
(Over)/under provision in prior year	(201)	-
Total current tax	37,299	(13,418)
Deferred tax:		
Origination and reversal of timing differences	(4,976)	295
Tax on profit/(loss) on ordinary activities	32,323	(13,123)

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2002 - 20%).

	2003 £	2002 £
Profit/(loss) on ordinary activities before taxation	156,054	(173,294)
Profit/(loss) on ordinary activities by rate of tax	46,117	(34,659)
Group relief	-	918
Expenses not deductible for tax purposes	(952)	18,901
Capital allowances in the period in excess of depreciation	506	1,422
Expenses restricted for tax purposes	1,200	-
Marginal relief	(9,572)	-
Total current tax (note 8(a))	37,299	(13,418)

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £19,548 (2002 - £(7,859)).

10. DIVIDENDS

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

	2003 £	2002 £
Dividend paid on preference shares	5,616	5,616

RBIG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 January 2003	82,675
Transfers	(1,774)
At 31 December 2003	80,901
AMORTISATION	
At 1 January 2003	19,169
Charge for the year	26,710
At 31 December 2003	45,879
NET BOOK VALUE	
At 31 December 2003	35,022
At 31 December 2002	63,506

During the previous 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.

The transfer out of the cost of goodwill is due to the reduced cost of the goodwill as a result of gross commission income being lower than expected in the previous year.

RBIG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

12. TANGIBLE FIXED ASSETS

Group	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST					
At 1 January 2003	715,000	293,601	14,495	—	1,023,096
Additions	—	7,169	—	58,220	65,389
Disposals	(715,000)	—	(14,495)	—	(729,495)
At 31 December 2003	<u>—</u>	<u>300,770</u>	<u>—</u>	<u>58,220</u>	<u>358,990</u>
DEPRECIATION					
At 1 January 2003	—	232,621	9,909	—	242,530
Charge for the year	—	35,222	—	2,443	37,665
On disposals	—	—	(9,909)	—	(9,909)
At 31 December 2003	<u>—</u>	<u>267,843</u>	<u>—</u>	<u>2,443</u>	<u>270,286</u>
NET BOOK VALUE					
At 31 December 2003	<u>—</u>	<u>32,927</u>	<u>—</u>	<u>55,777</u>	<u>88,704</u>
At 31 December 2002	<u>715,000</u>	<u>60,980</u>	<u>4,586</u>	<u>—</u>	<u>780,566</u>

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.

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

	2003 £	2002 £
Net book value at end of year	<u>—</u>	<u>715,000</u>
Historical cost	<u>—</u>	<u>575,000</u>

Hire purchase agreements

Included within the net book value of £88,704 is £54,442 (2002 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,411 (2002 - £Nil).

RBIG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

12. TANGIBLE FIXED ASSETS *(continued)*

Company	Freehold Property £	Fixtures & Fittings £	Equipment £	Total £
COST				
At 1 January 2003	715,000	163,793	—	878,793
Additions	—	6,883	58,220	65,103
Disposals	(715,000)	—	—	(715,000)
At 31 December 2003	—	170,676	58,220	228,896
DEPRECIATION				
At 1 January 2003	—	160,096	—	160,096
Charge for the year	—	4,075	2,443	6,518
At 31 December 2003	—	164,171	2,443	166,614
NET BOOK VALUE				
At 31 December 2003	—	6,505	55,777	62,282
At 31 December 2002	715,000	3,697	—	718,697

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.

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

	2003 £	2002 £
Net book value at end of year	—	715,000
Historical cost	—	575,000

Hire purchase agreements

Included within the net book value of £62,282 is £54,442 (2002 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,411 (2002 - £Nil).

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

13. INVESTMENTS

Company	Group companies
	£
COST	
At 1 January 2003 and 31 December 2003	<u>21,003</u>
NET BOOK VALUE	
At 31 December 2003	<u>21,003</u>
At 31 December 2002	<u>21,003</u>

14. DEBTORS

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	1,482,224	1,149,626	—	—
Amounts owed by group undertakings	—	—	10,727	53,411
Other debtors	11,820	35,519	2,519	16,494
Directors current accounts	3,625	—	3,625	—
Directors current account - R Bolton	22,481	—	22,481	—
Prepayments and accrued income	28,656	28,364	9,385	6,242
	<u>1,548,806</u>	<u>1,213,509</u>	<u>48,737</u>	<u>76,147</u>

15. CREDITORS: Amounts falling due within one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	—	149,199	—	78,184
Trade creditors	1,243,633	912,578	—	—
Amounts owed to group undertakings	—	—	13,327	16,207
Hire purchase agreements	9,356	—	9,356	—
Directors' loan accounts	—	85,809	—	195,809
Other creditors	85,453	51,252	8,957	9,493
Accruals and deferred income	127,114	170,045	52,888	42,846
	<u>1,465,556</u>	<u>1,368,883</u>	<u>84,528</u>	<u>342,539</u>

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

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	—	38,000	—	38,000

RBIG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

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

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	—	456,000	—	456,000
Hire purchase agreements	25,729	—	25,729	—
Directors' loan accounts	—	110,000	—	—
	<u>25,729</u>	<u>566,000</u>	<u>25,729</u>	<u>456,000</u>

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

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	—	456,000	—	456,000

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.

17. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2003	2002
	£	£
Group and Company		
Amounts payable within 1 year	9,356	—
Amounts payable between 1 and 2 years	9,356	—
Amounts payable between 3 and 5 years	16,373	—
	<u>35,085</u>	<u>—</u>

18. DEFERRED TAXATION

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

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Provision brought forward	8,502	8,207	2,389	4,613
(Decrease)/Increase in provision	(4,976)	295	(1,356)	(2,224)
Provision carried forward	<u>3,526</u>	<u>8,502</u>	<u>1,033</u>	<u>2,389</u>

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>3,526</u>	<u>8,502</u>	<u>1,033</u>	<u>2,389</u>

RBIG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2003 the group had annual commitments under non-cancellable operating leases as set out below.

Group	Assets other than land and buildings	
	2003	2002
	£	£
Operating leases which expire:		
Within 1 year	-	26,686
Within 2 to 5 years	4,512	38,114
	4,512	64,800

20. 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 £458,204 (2002 £493,000) To RBIG Financial Services Ltd £121,792 (2002 £127,000)

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 £13,326 (2002 £16,207) Owing from RBIG Financial Services Ltd £10,727 (2002 £53,411).

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 2003

21. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
1,000,000 Ordinary shares of £0.50 each	500,000	25,000
50,000 Preference shares of £1 each	50,000	50,000
	<u>550,000</u>	<u>75,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £0.50 each	505,000	252,500	45,000	22,500
Preference shares of £1 each	50,000	50,000	50,000	50,000
	<u>555,000</u>	<u>302,500</u>	<u>95,000</u>	<u>72,500</u>

22. RESERVES

Group

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	10,657	2,500	276,447
Retained profit for the year	—	—	118,115
Other movements			
- transfer to/from revaluation reserve	(10,657)	—	10,657
Balance carried forward	<u>—</u>	<u>2,500</u>	<u>405,219</u>

Company

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	10,657	2,500	2,186
Retained profit for the year	—	—	13,932
Other movements			
- transfer to/from revaluation reserve	(10,657)	—	10,657
Balance carried forward	<u>—</u>	<u>2,500</u>	<u>26,775</u>