

UNICOM INSURANCE SERVICES LIMITED

FINANCIAL STATEMENTS

AS AT

31ST DECEMBER 2003

197-205 High Street
Ponders End, Enfield
Middlesex EN3 4DZ



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DIRECTORS OFFICERS AND ADVISERS

Directors	L.D. Middleton D.J. Ratledge F.C.C.A M.R. Tyler A.B. Madigan J F Humphreys
Secretary	Miss A. B. Madigan
Registered Office	197-205 High Street Ponders End Enfield Middlesex, EN3 4DZ
Registered Number	2809921
Date of Incorporation	16 th April 1993
Bankers	Royal Bank of Scotland PO Box 412 62/63 Threadneedle Street London, EC2R 8LA Barclays Bank Plc Lea Valley Group 2 Turnford Place Great Cambridge Road Herts, EN10 6NH
Auditors	Deloitte & Touche LLP St Albans

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Report to the members of the company together with the financial statements for the year ended 31st December 2003.

TRADING ACTIVITIES

The results for the year are set out on page 5 and the financial position as at 31st December 2003 on page 6 of these accounts. The Directors are satisfied with the results but cannot recommend the payment of a dividend.

PRINCIPAL ACTIVITIES

The Principal trading activity of the company is that of provision of insurance services to the motor trade which is restricted to the United Kingdom and has remained unchanged throughout this year.

FUTURE PROSPECTS

The Directors plan to continue the present activities of the Company for the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year are shown below. None of the Directors had any interest in the share capital of the company or any group company during the current or proceeding years.

L.D. Middleton
D.J. Ratledge F.C.C.A
M.R. Tyler
A.B. Madigan
J F Humphreys – appointed 5th February 2004

L.D. Middleton retires by rotation, and being eligible, offers himself for re-election.

AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred the business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of The Companies Act 1989.

A Resolution to appoint Deloitte & Touche LLP as the company's auditors will be proposed at the Company's forthcoming Annual General Meeting.

CLOSE COMPANY STATUS

The Company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

ULTIMATE HOLDING COMPANY

In the opinion of the Directors the immediate and ultimate holding company is Tradewise Insurance Company Limited which is incorporated in Gibraltar.

SPECIAL EXEMPTIONS

The accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

RESPONSIBILITIES OF THE DIRECTORS

Theses are set out on page 3 together with any observations thereon.

BY ORDER OF THE BOARD


Miss A. B. Madigan
Secretary

Registered Office
197-205 High Street
Ponders End, Enfield
Middlesex EN3 4DZ

STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that year. In preparing those financial statements, the directors are required to

- select suitable policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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 UNICOM INSURANCE SERVICES LIMITED

We have audited the financial statements of Unicom Insurance Services Ltd for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein,

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

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 of the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

24 June 2004

Deloitte and Touche LLP

Chartered Accountants and Registered Auditors
St Albans

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31ST DECEMBER 2003**

	Notes	2003 £	2002 £
<u>TURNOVER</u>			
COMMISSION INCOME	1b	357,513	183,112
Premium Expenditure		<u>(6,000)</u>	<u>(3,688)</u>
NET COMMISSIONS AND BROKERAGE		351,513	179,424
Administrative expenses		<u>(359,643)</u>	<u>(236,566)</u>
<u>OPERATING LOSS</u>	2	(8,130)	(57,142)
Interest receivable and similar income	9	<u>32,304</u>	<u>18,274</u>
		24,174	(38,868)
Interest payable and similar charges		<u>(8,882)</u>	<u>(4,477)</u>
<u>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		15,292	(43,345)
Taxation	3	<u>(418)</u>	<u>-</u>
<u>TRANSFER TO / (FROM) RESERVES</u>		<u>£ 14,874</u>	<u>£(43,345)</u>

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the results set out above and accordingly no Statement of Total Recognised Gains and Losses is shown.

**The notes set out on pages 7 to 11 form an
integral part of these financial statements.**

BALANCE SHEET

AS AT 31ST DECEMBER 2003

		2003		2002	
	Notes	£	£	£	£
<u>FIXED ASSETS</u>					
Tangible Assets	1c, 4		4,077		4,969
<u>CURRENT ASSETS</u>					
Debtors	1e, 5	93,050		218,183	
Cash at Bank and in hand		<u>12,811</u>		<u>9,490</u>	
		105,861		227,673	
<u>CREDITORS amounts falling due within one year</u>	6	<u>(121,700)</u>		<u>(259,278)</u>	
<u>NET CURRENT ASSETS</u>			<u>(15,839)</u>		<u>(31,605)</u>
			<u>£(11,762)</u>		<u>£(26,636)</u>

Financed by:

SHAREHOLDERS FUNDS

Called up Share Capital	7)	100	100
Profit & Loss Account	8)	<u>(11,862)</u>	<u>(26,736)</u>
		<u>£(11,762)</u>	<u>£(26,636)</u>

The accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The notes set out on pages 7 to 11 form an integral part of these financial statements

Signed on behalf of the Board on 11 June 2004

.....
L. D. Middleton - Director

.....
M. R. Tyler - Director

Approved

.....
D. J. Ratledge F.C.C.A - Director

.....
A.B. Madigan - Director

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31ST DECEMBER 2003****1. ACCOUNTING POLICIES****a) Basis of Accounting**

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom applicable accounting standards and the Companies Act 1985.

b) Commission Income

Comprises total commissions receivable for the year after deducting taxes levied and providing for expected policy cancellations.

c) Depreciation

Depreciation is provided by the straight line method and is calculated to write off the fixed assets over their useful lives to the company.

The principal rates used were:

Office Equipment	25%
Motor Vehicles	25%
Furniture and Fittings	25%

d) Deferred Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. *Deferred tax assets and liabilities are not discounted.*

e) Debtors

Specific provisions are made for bad and doubtful debts.

f) Pension Costs

The Company makes contributions to a pension scheme operated by a fellow group company. The assets of the scheme is held separately from those of the company in an independently administered fund. The pension cost charged represents contributions paid by the company to the fund and amounted to £1,783 (2002 - £1,311). There were no outstanding or prepaid contributions at the Balance Sheet date.

g) Premiums

The Company collects gross premiums and passes these to the Insurers after deducting commission as specified in (b) above. The amounts of uncollected gross premiums from clients and net premiums due to Insurers are reflected within Insurance Debtors and Insurance Creditors respectively.

h) Cash Flow Statement

The Directors have taken advantage of the exemption in Financial Reporting Standard No.1 from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent prepares a consolidated cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2003

	2003	2002
2. <u>OPERATING LOSS</u>		
Is stated after charging:		
Directors Emoluments	31,137	16,981
Wages Salaries Sub-Contractors and Commission	202,961	103,666
Staff Pension Scheme	1,783	1,311
Provision for Bad Debts	(16,209)	9,881
Depreciation of tangible fixed assets	2,207	1,870
Auditors remuneration	14,193	5,630
Loss/ (Profit) on Asset Disposals	<u>(722)</u>	<u>550</u>

Average Staff Numbers

Sales	4	5
Administration	6	6
Finance	<u>1</u>	<u>1</u>
	<u>11</u>	<u>12</u>

3. i) TAXATION

Corporation Tax – Prior Year Adjustment	<u>418</u>	<u>-</u>
	<u>£ 418</u>	<u>£ -</u>

Corporation Tax has been charged at 19% (2002 - 20%)

ii) Factors affecting tax charge from the current period:

Profit on ordinary activities before tax	15,292	(43,435)
Tax at 19% thereon	2,905	(8,669)
Effects of:		
Expenses not deductible for tax purposes	(686)	39
Capital Allowances in excess of depreciation	(33)	241
Utilisation of tax losses	3,624	8,389
Prior period adjustments	<u>418</u>	<u>-</u>
Corporation Tax Credit	<u>£ 418</u>	<u>£ -</u>

iii) Factors that may affect the future tax charge

A deferred tax asset has not been recognised in respect of timing differences relating to accelerated capital allowances and trading losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £14,223. The asset would be recovered if suitable taxable profits were to arise in future periods against which the losses could be offset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2003

4. FIXED ASSETS

Tangible Assets

	Fixtures & Fittings £	Office Equipment £	Total £
Cost or Valuation			
Brought Forward	13,335	28,545	41,880
Additions	1,184	400	1,584
Disposals	(5,430)	(13,553)	(18,983)
Carried Forward	9,089	15,392	24,481
Depreciation			
Brought Forward	9,655	27,256	36,911
For Year	1,533	674	2,207
On Disposals	(5,306)	(13,408)	(18,714)
Carried Forward	5,882	14,522	20,404
Net Book Value			
2003	£ 3,207	870	4,077
2002	£ 3,680	1,289	4,969

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2003

	2003 £	2002 £
5. <u>DEBTORS</u>		
Insurance debtors	44,574	116,782
Amounts owed by group undertakings	36,431	74,894
Taxation recoverable	-	17,945
Other debtors	<u>12,045</u>	<u>8,562</u>
	£ <u>93,050</u>	£ <u>218,183</u>

6. <u>CREDITORS</u>		
Insurance Creditors	99,749	211,918
Amounts owed to group undertakings	6,303	20,000
Taxation and Social Security	4,408	4,993
Other Creditors	<u>11,240</u>	<u>22,367</u>
	£ <u>121,700</u>	£ <u>259,278</u>

7. <u>SHARE CAPITAL</u>		
Authorised		
100 Ordinary shares of £1 each	£ <u>100</u>	£ <u>100</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	£ <u>100</u>	£ <u>100</u>

8. <u>RESERVES</u>		
Profit & Loss Account Brought Forward	(26,736)	16,609
Profit / (Loss) for the Year	<u>14,874</u>	<u>(43,345)</u>
	£ <u>(11,862)</u>	£ <u>(26,736)</u>

9. <u>INTEREST RECEIVABLE AND SIMILAR INCOME</u>		
Rental Income Receivable	7,644	5,981
Interest Receivable	<u>24,660</u>	<u>12,293</u>
	£ <u>32,304</u>	£ <u>18,274</u>

10. BANK DEBENTURE

Barclays Bank Plc have a debenture dated 2nd December 1993 over the assets of the Company.

11. ULTIMATE PARENT

In the opinion of the directors the company's immediate and ultimate parent company and controlling entity is Tradewise Insurance Company Limited, which is incorporated in Gibraltar. Tradewise Insurance Company Limited is the largest and smallest entity which consolidates Unicom Insurance Services Limited.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2003

12. POST BALANCE SHEET EVENTS

In the opinion of the Directors there are no material post balance sheet events to be reported within these financial statements.

13. RELATED PARTIES

The company is controlled by Tradewise Insurance Company Limited and is included in the consolidated financial statement of Tradewise Insurance Company Limited, which are publicly available Companies House, Finance Centre, Suite 761, Europort, Gibraltar, Europe. Consequently, this company has taken advantage of the exemption from disclosing related party transactions with entities that are part of the Tradewise Insurance Company Limited group under the terms of FRS (Financial Reporting Standard) 8.