

Registered no. 1240821

K G J INSURANCE SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

BALDWIN AND CO
SCIMITAR HOUSE
49 WELLINGTON ROAD
BILSTON
WV14 6AH



K G J INSURANCE SERVICES LIMITED

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K G J INSURANCE SERVICES LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: L D Hollinshead
Mrs J G Hollinshead
D Hollinshead
R J Cox

SECRETARY: R J Cox

REGISTERED OFFICE: One Venture Court
Broadlands
Wolverhampton
WV10 6TB

REGISTERED NUMBER: 1240821

AUDITORS: Baldwin and Co
Scimitar House
49 Wellington Road
Bilston
WV14 6AH

K G J INSURANCE SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report and the financial statements of the company for the year ended 31 December 2004.

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 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;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a 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.

Principal Activity

The principal activity of the company throughout the year was that of insurance providers, mainly concentrating on Motor policies.

Directors

The present directors are as shown on page 1. All served on the board throughout the year.

The company's Articles of Association do not require directors to retire by rotation.

Directors' Interests

The interests of the directors in the shares of the company at the beginning and end of the year, were as follows:

	31 December 2004	1 January 2004
L D Hollinshead	-	-
D Hollinshead	-	-
R J Cox	-	-

Holding Company

The holding company, The K G J Insurance Services Group Limited, a company incorporated in Great Britain own 100% of the issued share capital of the company.

K G J INSURANCE SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004 (CONT)

Directors Interests in Group Companies

The interests of the directors of K G J Insurance Services Limited only, in the shares of the parent undertaking The K G J Insurance Services Group Limited are as follows:

	31 December 2004	1 January 2004
Ordinary Shares		
L D Hollinshead	170,000	170,000
D Hollinshead	170,000	170,000
R J Cox	170,000	170,000
Preference Shares		
L D Hollinshead	125,000	125,000
D Hollinshead	125,000	125,000

Auditors

The auditors, Baldwin and Co, have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985.

The directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD



R. J. COX - SECRETARY

21 July 2005

K G J INSURANCE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF K G J INSURANCE SERVICES LIMITED

We have audited the financial statements of K G J Insurance Services Limited for the year ended 31 December 2004 which comprises the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and 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 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 directors and auditors

As described in the directors' report, the company's directors are responsible for the preparation of 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 misstatement within it.

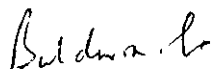
Basis of opinion

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 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BALDWIN AND CO
Registered Auditors
Chartered Certified Accountants

SCIMITAR HOUSE
49 WELLINGTON ROAD
BILSTON
WV14 6AH

21 July 2005

K G J INSURANCE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £	2003 £
TURNOVER	3	531,468	446,200
Net operating expenses	4	427,252	389,628
OPERATING PROFIT	5	104,216	56,572
Profit on sale of fixed assets		-	36,772
Other interest receivable and similar income		8,716	6,026
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		112,932	99,370
Tax on profit on ordinary activities	7	28,055	19,423
RETAINED PROFIT FOR THE FINANCIAL YEAR		84,877	79,947
Retained profit brought forward		468,631	388,684
RETAINED PROFIT CARRIED FORWARD		553,508	468,631

The annexed notes form part of these financial statements.

K G J INSURANCE SERVICES LIMITED

BALANCE SHEET AT 31 DECEMBER 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	8	51,726	46,223
CURRENT ASSETS			
Debtors	9	687,413	622,461
Cash at bank and in hand		239,221	234,472
		<u>926,634</u>	<u>856,933</u>
CREDITORS			
Amounts falling due within one year	10	<u>415,540</u>	<u>423,494</u>
NET CURRENT ASSETS		<u>511,094</u>	<u>433,439</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>562,820</u>	<u>479,662</u>
PROVISIONS FOR LIABILITIES AND CHARGES	11	<u>(8,072)</u>	<u>(9,791)</u>
NET ASSETS		<u>554,748</u>	<u>469,871</u>
 CAPITAL AND RESERVES			
Called up share capital	12	1,000	1,000
Capital Reserve account		240	240
Profit and loss account		<u>553,508</u>	<u>468,631</u>
SHAREHOLDERS' FUNDS		<u>554,748</u>	<u>469,871</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the board on 21 July 2005.

ON BEHALF OF THE BOARD



L D HOLLINSHEAD - DIRECTOR

The annexed notes form part of these financial statements.

K G J INSURANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The effects of events in relation to the year ended 31 December 2004 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 December 2004 and of the results for the year ended on that date.

Depreciation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

Fixtures and fittings	- 15% per annum on reducing balance
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Deferred Taxation

Deferred taxation is accounted for in accordance with the requirements of FRS19.

Pension Costs

The company operates a pension scheme for the benefit of all its employees. The scheme is a defined contribution scheme, and the contributions are charged against profits as they are paid.

2. HOLDING COMPANY

The company is wholly owned by The K G J Insurance Services Group Limited a company formed in Great Britain.

3. TURNOVER

The company's turnover represents the value of goods and services supplied to customers during the year.

4. NET OPERATING EXPENSES

	2004 £	2003 £
Administrative expenses	427,252	395,898
Other operating income	-	(6,270)
	<u>427,252</u>	<u>389,628</u>

K G J INSURANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004 (CONT)

5. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2004 £	2003 £
Directors' emoluments	131,536	137,395
Depreciation and amortisation of owned assets	9,128	8,157
Auditors' remuneration	205	2,350
	<u>140,869</u>	<u>147,902</u>

6. DIRECTORS' REMUNERATION

There are 3 directors to whom retirement benefits are accruing under defined benefit pension schemes in respect of qualifying services (2003 - 3).

7. TAXATION

	2004 £	2003 £
Corporation tax charge	29,448	16,507
Deferred taxation	(1,393)	2,916
	<u>28,055</u>	<u>19,423</u>

K G J INSURANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004 (CONT)

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
Cost	
At 1 January 2004	170,105
Additions	14,631
	<hr/>
At 31 December 2004	184,736
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Depreciation	
At 1 January 2004	123,882
Charge for the year	9,128
	<hr/>
At 31 December 2004	133,010
	<hr/>
Net book value	
At 31 December 2004	51,726
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At 31 December 2003	46,223
	<hr/>

9. DEBTORS

	2004 £	2003 £
Trade debtors	60,298	46,451
Amount owed by group undertakings	615,627	566,687
Other debtors	11,488	9,323
	<hr/>	<hr/>
	687,413	622,461
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K G J INSURANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004 (CONT)

10. CREDITORS - AMOUNTS DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade creditors	242,788	267,709
Corporation tax payable	29,449	34,580
Social security and other taxes	62,486	64,553
Other creditors	80,817	56,652
	<u>415,540</u>	<u>423,494</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

Provision for deferred tax

	2004 £	2003 £
Accelerated capital allowances	8,072	9,791
	<u>8,072</u>	<u>9,791</u>
Provision at 1 January 2004	9,791	
Deferred tax charge in profit and loss account for the year	(1,719)	
	<u>8,072</u>	
Provision at 31 December 2004	<u>8,072</u>	

12. SHARE CAPITAL

	2004 £	2003 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

13. PENSION COSTS

The company operates a contributory pension scheme. It is a defined contribution scheme and contributions are charged in the profit and loss account as they accrue. The charge for the year was £28,670 (2003 - £29,317).

K G J INSURANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004 (CONT)

14. RELATED PARTIES

At the Balance Sheet date K G J Commercial Insurance Services Limited owed the company £229,150 (2003 - £224,150), in respect of an unsecured inter-company current account. K G J Commercial Insurance Services Limited is wholly owned subsidiary of The K G J Insurance Services Group Limited. This amount is included in debtors.

At the Balance Sheet date Hallam Green Insurance Services Limited owed the company £151,983 (2003 - £61,364), in respect of an unsecured inter-company current account. Hallam Green Insurance Services Limited is wholly owned subsidiary of The K G J Insurance Services Group Limited. This amount is included in debtors.

At the Balance Sheet date The K G J Insurance Services Group Limited owed the Company £234,494 (2003 - £281,173) in respect of an unsecured inter-company current account. The K G J Insurance Services Group Limited is the Holding company. This amount is included in debtors.

At the Balance Sheet date K G J-Annan Financial Services Limited owed the Company £3,176 (2003 - £3,176) in respect of an unsecured inter-company current account. The K G J Insurance Services Group Limited owns 50% of the issued share capital of K G J-Annan Financial Services Limited. This amount is included in other debtors.

15. CONTROLLING PARTY

The company is controlled by the directors, L D Hollinshead, D Hollinshead and R J Cox, who are directors and shareholders in the holding company, The K G J Insurance Services Group Limited.

The shares held are as follows:

	2004 £	2003 £
Ordinary Shares		
L D Hollinshead	170,000	170,000
D Hollinshead	170,000	170,000
R J Cox	170,000	170,000
Other close family members	100,000	100,000
 Total Issued Ordinary shares	 610,000	 610,000
 Preference Shares		
L D Hollinshead	125,000	125,000
D Hollinshead	125,000	125,000
 Total Issued Preference shares	 250,000	 250,000