

REGISTERED NUMBER: 2357612 (England and Wales)

ABACUS FINANCIAL MANAGEMENT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004



CONTENTS OF THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2004

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Consolidated Profit and Loss Account	5
Consolidated Balance Sheet	6
Company Balance Sheet	7
Consolidated Cash Flow Statement	8
Notes to the Consolidated Cash Flow Statement	9
Notes to the Financial Statements	10
Consolidated Trading and Profit and Loss Account	21

ABACUS FINANCIAL MANAGEMENT LIMITED

COMPANY INFORMATION
For The Year Ended 31 December 2004

DIRECTORS:

A J L Richards
J A Mostyn
M E Nicholson

SECRETARY:

R W Hart

REGISTERED OFFICE:

Queen Isabelle House
Kingsclere Park
Kingsclere
Newbury
Berkshire
RG20 4SW

REGISTERED NUMBER:

2357612 (England and Wales)

ABACUS FINANCIAL MANAGEMENT LIMITED

REPORT OF THE DIRECTORS For The Year Ended 31 December 2004

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

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of financial advisers to members of the Armed Forces.

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements.

DIVIDENDS

No dividends were paid in the year ended 31 December 2004.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors during the year under review were:

A J L Richards
J A Mostyn
M E Nicholson

The beneficial interests of the directors holding office on 31 December 2004 in the issued share capital of the company were as follows:

	31.12.04	1.1.04
Ordinary "A" 5p shares		
A J L Richards	387,900	387,900
J A Mostyn	387,900	387,900
M E Nicholson	387,900	387,900
Ordinary "B" 5p shares		
A J L Richards	-	-
J A Mostyn	-	-
M E Nicholson	-	-

FIXED ASSETS

The changes in fixed assets during the year are summarised in the notes to the financial statements.

STATEMENT OF 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 the group and of the profit or loss of the group 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 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


ABACUS FINANCIAL MANAGEMENT LIMITED

REPORT OF THE DIRECTORS
For The Year Ended 31 December 2004

AUDITORS

The auditors, James & Cowper, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
R W Hart - Secretary

Date: 1st AUG 2005

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ABACUS FINANCIAL MANAGEMENT LIMITED**

We have audited the financial statements of Abacus Financial Management Limited for the year ended 31 December 2004 on pages five to twenty. These financial statements have been prepared 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 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 on page two 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 Report of the Directors 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 Report of the Directors 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 company's circumstances, consistently applied and adequately disclosed.

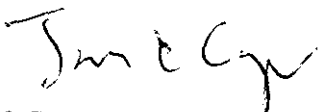
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 20 of the financial statements concerning the uncertainty as to the company's financial position. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2004 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



James & Cowper
Registered Auditor and
Chartered Accountants
Phoenix House
Bartholomew Street
Newbury
Berkshire RG14 5QA

Date: 21/8/05

ABACUS FINANCIAL MANAGEMENT LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For The Year Ended 31 December 2004

	Notes	2004 £	2003 £
TURNOVER	2	1,466,041	1,036,872
Cost of sales		<u>735,543</u>	<u>414,260</u>
GROSS PROFIT		730,498	622,612
Administrative expenses		<u>787,802</u>	<u>652,361</u>
		(57,304)	(29,749)
Other operating income		<u>30,000</u>	<u>36,000</u>
OPERATING (LOSS)/PROFIT	4	(27,304)	6,251
Interest receivable and similar income		<u>6,745</u>	<u>6,929</u>
		(20,559)	13,180
Interest payable and similar charges	5	<u>256</u>	<u>112</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(20,815)	13,068
Tax on (loss)/profit on ordinary activities	6	<u>5,018</u>	<u>1,590</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(25,833)	11,478
(DEFICIT)/RETAINED PROFIT FOR THE YEAR FOR THE GROUP		<u>(25,833)</u>	<u>11,478</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

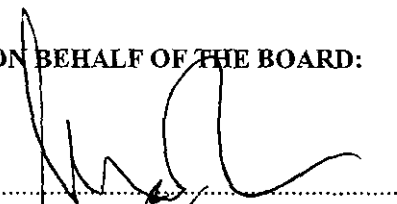
The group has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

ABACUS FINANCIAL MANAGEMENT LIMITED

CONSOLIDATED BALANCE SHEET
31 December 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Intangible assets	8	-	4,500
Tangible assets	9	40,995	62,328
Investments	10	-	-
		<u>40,995</u>	<u>66,828</u>
CURRENT ASSETS			
Debtors	11	1,305,875	1,127,692
Cash at bank and in hand		<u>279,142</u>	<u>331,228</u>
		1,585,017	1,458,920
CREDITORS			
Amounts falling due within one year	12	<u>1,116,255</u>	<u>823,201</u>
NET CURRENT ASSETS		<u>468,762</u>	<u>635,719</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>509,757</u>	<u>702,547</u>
PROVISIONS FOR LIABILITIES AND CHARGES	15	<u>405,389</u>	<u>572,346</u>
		<u>104,368</u>	<u>130,201</u>
CAPITAL AND RESERVES			
Called up share capital	16	64,035	64,035
Capital redemption reserve	17	5,878	5,878
Profit and loss account	17	<u>34,455</u>	<u>60,288</u>
SHAREHOLDERS' FUNDS	21	<u>104,368</u>	<u>130,201</u>

ON BEHALF OF THE BOARD:


.....
M E Nicholson - Director


.....
A J L Richards - Director

Approved by the Board on 29 July 2005

ABACUS FINANCIAL MANAGEMENT LIMITED

COMPANY BALANCE SHEET
31 December 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Intangible assets	8	-	4,500
Tangible assets	9	40,878	62,154
Investments	10	13,416	13,416
		<u>54,294</u>	<u>80,070</u>
CURRENT ASSETS			
Debtors	11	1,305,756	1,127,573
Cash at bank and in hand		242,081	304,178
		<u>1,547,837</u>	<u>1,431,751</u>
CREDITORS			
Amounts falling due within one year	12	1,103,847	817,802
NET CURRENT ASSETS		<u>443,990</u>	<u>613,949</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>498,284</u>	<u>694,019</u>
PROVISIONS FOR LIABILITIES AND CHARGES	15	405,389	572,346
		<u>92,895</u>	<u>121,673</u>
CAPITAL AND RESERVES			
Called up share capital	16	64,035	64,035
Capital redemption reserve	17	5,878	5,878
Profit and loss account	17	22,982	51,760
SHAREHOLDERS' FUNDS	21	<u>92,895</u>	<u>121,673</u>

ON BEHALF OF THE BOARD:

.....
M E Nicholson - Director

.....
A J L Richards - Director

Approved by the Board on 29 July 2005

The notes form part of these financial statements

ABACUS FINANCIAL MANAGEMENT LIMITED

CASH FLOW STATEMENT
For The Year Ended 31 December 2004

	Notes	2004 £	2003 £
Net cash outflow from operating activities	1	(14,106)	(146,647)
Returns on investments and servicing of finance	2	6,489	6,817
Taxation		(2,412)	(3,619)
Capital expenditure	2	(236)	(44,911)
		<u>(10,265)</u>	<u>(188,360)</u>
Financing	2	-	(10)
Decrease in cash in the period		<u>(10,265)</u>	<u>(188,370)</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Decrease in cash in the period		<u>(10,265)</u>	<u>(188,370)</u>
Change in net funds resulting from cash flows		<u>(10,265)</u>	<u>(188,370)</u>
Movement in net funds in the period		<u>(10,265)</u>	<u>(188,370)</u>
Net funds at 1 January		<u>282,709</u>	<u>471,079</u>
Net funds at 31 December		<u>272,444</u>	<u>282,709</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
For The Year Ended 31 December 2004

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

	2004 £	2003 £
Operating (loss)/profit	(27,304)	6,251
Depreciation charges	22,237	25,109
Loss on disposal of fixed assets	3,832	4,208
Increase in debtors	(178,183)	(53,195)
Increase/(Decrease) in creditors	165,312	(129,020)
Net cash outflow from operating activities	<u>(14,106)</u>	<u>(146,647)</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2004 £	2003 £
Returns on investments and servicing of finance		
Interest received	6,745	6,929
Interest paid	(256)	(112)
Net cash inflow for returns on investments and servicing of finance	<u>6,489</u>	<u>6,817</u>
Capital expenditure		
Purchase of tangible fixed assets	(13,335)	(50,411)
Sale of tangible fixed assets	13,099	5,500
Net cash outflow for capital expenditure	<u>(236)</u>	<u>(44,911)</u>
Financing		
Share repurchase	-	(10)
Net cash outflow from financing	<u>-</u>	<u>(10)</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.04 £	Cash flow £	At 31.12.04 £
Net cash:			
Cash at bank and in hand	331,228	(52,086)	279,142
Bank overdrafts	(48,519)	41,821	(6,698)
	<u>282,709</u>	<u>(10,265)</u>	<u>272,444</u>
Total	<u>282,709</u>	<u>(10,265)</u>	<u>272,444</u>

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2004

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Turnover

Turnover represents commission and brokerage earned on insurance contracts. Income from indemnity commission is recognised in the financial statements on an accruals basis after provision has been set up for commission which is likely to be clawed back within the initial commission earnings period. Non indemnity commission is based on amounts received.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 1990, is amortised over its estimated useful life.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office furniture	- 20% straight line
Office equipment	- 25% straight line
Fixtures and fittings	- 20% straight line
Motor vehicles	- 25% straight line

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed 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 transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pensions

The company operates a small self administered defined contribution pension scheme providing benefits to the directors and qualifying members of staff. Contributions to this scheme are charged to the profit and loss account in the period in which they are incurred.

Basis of consolidation

The group financial statements consolidate the results, using the closing rate method of translation, of the parent undertaking and its Cypriot subsidiary RMN (Cyprus) Limited.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2004

1. ACCOUNTING POLICIES - continued

Indemnity commission provision

These financial statements show 100% of the indemnity provision which is the liability of the company but the company's consultants bear in excess of 50% of this liability. Funds for the consultants' shares are held in bank trust accounts controlled by the company but in consultants' names. The gross bank trust accounts have been included in debtors.

During the year, the method of calculating the indemnity provision was altered to more accurately determine the provision required. If the method of calculation had not changed in the year the indemnity provision at 31 December 2004 would have increased by £80,291 compared to the balance at 1 January 2004.

Policy review provisions

Provision is made for claims received and where it is more likely than not that compensation will be payable.

2. TURNOVER

The turnover and loss (2003 - profit) before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2004 £	2003 £
United Kingdom	1,376,731	950,464
Cyprus	89,310	86,408
	<u>1,466,041</u>	<u>1,036,872</u>

3. STAFF COSTS

	2004 £	2003 £
Wages and salaries	302,900	226,007
Social security costs	32,227	19,561
Other pension costs	31,673	11,333
	<u>366,800</u>	<u>256,901</u>

The average monthly number of employees during the year was as follows:

	2004	2003
Administration	18	15
Selling	2	2
	<u>20</u>	<u>17</u>

ABACUS FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2004

4. OPERATING (LOSS)/PROFIT

The operating loss (2003 - operating profit) is stated after charging:

	2004	2003
	£	£
Depreciation - owned assets	17,737	24,360
Loss on disposal of fixed assets	3,832	4,208
Goodwill amortisation	4,500	750
Auditors' remuneration	12,062	11,900
Auditors' remuneration for non audit work	17,320	13,078
Foreign exchange differences	150	172
	<u>25,674</u>	<u>25,674</u>
Directors' emoluments	25,674	25,674
Directors' pension contributions to money purchase schemes	<u>23,809</u>	<u>7,515</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2004	2003
Money purchase schemes	<u>3</u>	<u>3</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Bank interest	<u>256</u>	<u>112</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows:

	2004	2003
	£	£
Current tax:		
UK corporation tax	3,642	585
Overseas tax	1,376	1,305
Under/(over) provision in previous year	-	(300)
	<u>5,018</u>	<u>1,590</u>
Tax on (loss)/profit on ordinary activities	<u>5,018</u>	<u>1,590</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2004

6. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2004 £	2003 £
(Loss)/profit on ordinary activities before tax	<u>(20,815)</u>	<u>13,068</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2003 - 19%)	(3,955)	2,483
Effects of:		
Disallowed expenses	8,897	1,635
Excess of capital allowances over depreciation	(1,764)	(2,761)
(Profit)/loss on disposal of fixed assets year	728	799
Losses relieved against schedule D case III	(449)	(1,316)
Marginal relief	-	(255)
Under/(over) provision in prior year	185	(300)
Overseas tax	<u>1,376</u>	<u>1,305</u>
Current tax charge	<u>5,018</u>	<u>1,590</u>

7. LOSS OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(28,778) (2003 - £7,631 profit).

8. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 January 2004 and 31 December 2004	<u>15,000</u>
AMORTISATION	
At 1 January 2004	10,500
Amortisation for year	<u>4,500</u>
At 31 December 2004	<u>15,000</u>
NET BOOK VALUE	
At 31 December 2004	-
At 31 December 2003	<u>4,500</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2004

8. INTANGIBLE FIXED ASSETS - continued

Company

	Goodwill £
COST	
At 1 January 2004	
and 31 December 2004	15,000
AMORTISATION	
At 1 January 2004	10,500
Amortisation for year	4,500
At 31 December 2004	15,000
NET BOOK VALUE	
At 31 December 2004	-
At 31 December 2003	4,500

9. TANGIBLE FIXED ASSETS

Group

	Office furniture £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2004	17,643	71,595	39,323	32,461	161,022
Additions	8,745	4,590	-	-	13,335
Disposals	(2,950)	(2,010)	-	(32,461)	(37,421)
At 31 December 2004	23,438	74,175	39,323	-	136,936
DEPRECIATION					
At 1 January 2004	16,838	54,269	11,356	16,231	98,694
Charge for year	2,082	8,243	7,412	-	17,737
Eliminated on disposal	(2,950)	(1,309)	-	(16,231)	(20,490)
At 31 December 2004	15,970	61,203	18,768	-	95,941
NET BOOK VALUE					
At 31 December 2004	7,468	12,972	20,555	-	40,995
At 31 December 2003	805	17,326	27,967	16,230	62,328

ABACUS FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2004

9. TANGIBLE FIXED ASSETS - continued

Company

	Office furniture £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2004	17,643	71,431	38,749	32,461	160,284
Additions	8,745	4,590	-	-	13,335
Disposals	(2,950)	(2,010)	-	(32,461)	(37,421)
At 31 December 2004	23,438	74,011	38,749	-	136,198
DEPRECIATION					
At 1 January 2004	16,838	54,105	10,956	16,231	98,130
Charge for year	2,082	8,243	7,355	-	17,680
Eliminated on disposal	(2,950)	(1,309)	-	(16,231)	(20,490)
At 31 December 2004	15,970	61,039	18,311	-	95,320
NET BOOK VALUE					
At 31 December 2004	7,468	12,972	20,438	-	40,878
At 31 December 2003	805	17,326	27,793	16,230	62,154

10. FIXED ASSET INVESTMENTS

Company

	Unlisted investments £
COST	
At 1 January 2004 and 31 December 2004	13,416
NET BOOK VALUE	
At 31 December 2004	13,416
At 31 December 2003	13,416

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiary

RMN (Cyprus) Limited

Country of incorporation: Cyprus

Nature of business: Financial advice to the armed forces.

Class of shares:	% holding
Ordinary	100.00

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2004

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Trade debtors	217,548	150,391	217,548	150,391
Other debtors	307,957	196,965	307,957	196,965
Consultants' bank trust accounts	759,569	761,345	759,569	761,345
Prepayments and accrued income	20,801	18,991	20,682	18,872
	<u>1,305,875</u>	<u>1,127,692</u>	<u>1,305,756</u>	<u>1,127,573</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank loans and overdrafts (see note 13)	6,698	48,519	6,698	48,519
Trade creditors	384,555	290,142	384,555	290,142
Tax	3,338	732	-	-
Social security and other taxes	14,870	14,383	14,870	14,383
Other creditors	599,278	448,931	599,278	448,931
Accrued expenses	107,516	20,494	98,446	15,827
	<u>1,116,255</u>	<u>823,201</u>	<u>1,103,847</u>	<u>817,802</u>

13. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	<u>6,698</u>	<u>48,519</u>	<u>6,698</u>	<u>48,519</u>

14. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

Group	Land and buildings	
	2004	2003
	£	£
Expiring:		
In more than five years	<u>30,000</u>	<u>30,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2004

14. OPERATING LEASE COMMITMENTS - continued

Company

	Land and buildings	
	2004	2003
	£	£
Expiring:		
In more than five years	<u>30,000</u>	<u>30,000</u>

15. PROVISION FOR LIABILITIES AND CHARGES

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Other provisions				
Indemnity commission provision	208,599	421,723	208,599	421,723
Policy review provision	196,790	150,623	196,790	150,623
	<u>405,389</u>	<u>572,346</u>	<u>405,389</u>	<u>572,346</u>
Aggregate amounts	<u>405,389</u>	<u>572,346</u>	<u>405,389</u>	<u>572,346</u>

Company

	Other provisions
	£
Balance at 1 January 2004	572,346
Indemnity provision movement	(213,124)
Policy review provision	46,167
Balance at 31 December 2004	<u>405,389</u>

The policy review provision was included in creditors in the 2003 financial statements. It is now considered more appropriate to include this amount within provisions and the comparative figures have also been amended.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2004

16. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value:	2004 £	2003 £
1,500,000	Ordinary "A"	5p	75,000	75,000
500,000	Ordinary "B"	5p	25,000	25,000
			<u>100,000</u>	<u>100,000</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2004 £	2003 £
1,163,700	Ordinary "A"	5p	58,185	58,185
117,000	Ordinary "B"	5p	5,850	5,850
			<u>64,035</u>	<u>64,035</u>

The ordinary "A" and "B" shares rank pari passu in all respects subject to restrictions on their issue and transfer.

17. RESERVES**Group**

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 January 2004	60,288	5,878	66,166
Deficit for the year	(25,833)	-	(25,833)
At 31 December 2004	<u>34,455</u>	<u>5,878</u>	<u>40,333</u>

Company

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 January 2004	51,760	5,878	57,638
Deficit for the year	(28,778)	-	(28,778)
At 31 December 2004	<u>22,982</u>	<u>5,878</u>	<u>28,860</u>

18. CONTINGENT LIABILITIES

In response to guidelines issued by the Financial Services Authority (FSA) life insurance companies are required to carry out policy reviews, which can result in claims being made against the company. Provision is made in the financial statements for claims received and where it is more likely than not that compensation will be payable. There is no way of knowing how many more claims will be made, therefore in cases where a claim has not been made the uncertainty as to the outcome precludes a provision being included, but it is recognised that a material contingent liability may exist.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2004

19. RELATED PARTY DISCLOSURES

Abacus Financial Management was originally established as a partnership in 1988 with the three directors, who control the majority of the issued share capital of the company, as partners. In order for the consultants and staff to benefit from an interest in the business as future shareholders the principal activities of the partnership were sold to Abacus Financial Management Limited in 1989. During the current financial year the company continued to make payments to consultants on behalf of the partnership which were subsequently reimbursed. The charge to the partnership profit and loss account for the year in respect of this was £361,390 (2003: £335,286).

The company also made a management charge to the partnership of £27,000 (2003: £24,000) to cover infrastructure and management expenses. The company continues to pay the cost of the partnership's staff and 50% of the central overhead costs, being £296,612 during this year (2003: £173,335) which again is reimbursed. The employees' contracts reflect the fact that they work across the separate entities.

At the end of the year the partnership owed £284,064 to the company (2003: £163,516).

The company leases its offices from the company's directors' wives. Under the terms of the lease the annual rental is £30,000. £15,000 (2003: £15,000) is charged to the partnership in respect of rent.

The directors also own 100% of Abacus Insurance Management Limited, a company incorporated in the UK and which commenced trading on 1 December 2001. The company made a management charge of £3,000 (2003: £12,000) to Abacus Insurance Management Limited during the year in respect of rent and rates and consumable expenses. In the year ended 31 December 2003 the company paid costs of £7,690 relating to staff who partly work for Abacus Insurance Management Limited. At 31 December 2004 Abacus Insurance Management Limited owed £nil to the company (2003: £19,801).

On 31 December 2004 the company purchased the net assets and trade of Abacus Insurance Management Limited for £nil consideration. The fair value of the assets and liabilities were: Debtors of £22,411; bank balances of £133,991; and creditors of £130,410. The acquisition resulted in an amount owing to the company of £904 from Abacus Insurance Management Limited, which was written off.

The company made payments to consultants on behalf of Abacus Insurance Management Limited which were subsequently reimbursed. The charge to Abacus Insurance Management Limited's profit and loss account in respect of this was £4,827 (2003: £95,879).

During the year the company sold a motor vehicle to J Mostyn, a director, at a professional valuation of £12,500.

ABACUS FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued For The Year Ended 31 December 2004

20. POST BALANCE SHEET EVENTS

On 1 January 2005, the company transferred its protection insurance business to Abacus Limited, a company controlled by M E Nicholson, a director of this company, under a licence arrangement whereby Abacus Limited conducts the trade in exchange for indemnifying the company against the operational costs of that business. The operations of the company's subsidiary company, RMN (Cyprus) Limited have been similarly transferred to Abacus Limited.

Since the year end, the company's remaining business, which is giving independent investment business advice, has fallen to negligible levels, as the company's resources are concentrated on dealing with complaints from clients who took out endowment policies up to sixteen years ago.

In finalising these financial statements the directors have reappraised the level of provision required for endowment policy complaints based on the latest available information about the number of complaints being received, the outcome of the company's investigations, the number of complaints that are subsequently referred to the Financial Ombudsman Service and the proportion of those that result in compensation being paid by the company.

The company still has sufficient capital resources to meet the requirements of its regulator, the Financial Services Authority, and continues to receive income from renewal commission which is sufficient to meet the costs of handling the complaints. This income may not, however, be sufficient to meet compensation payments arising from the complaints if they continue at current levels for a significant length of time. The directors are pursuing all courses of action available to them to ensure that the company continues to be able to meet its liabilities as they fall due. Whilst recognising the inherent uncertainties in the company's financial position, the directors consider it appropriate to prepare these financial statements on the going concern basis.

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2004 £	2003 £
(Loss)/Profit for the financial year	(25,833)	11,478
Transfer to reserves	-	(10)
Net (reduction)/addition to shareholders' funds	(25,833)	11,468
Opening shareholders' funds	130,201	118,733
Closing shareholders' funds	104,368	130,201
Equity interests	104,368	130,201

Company

	2004 £	2003 £
(Loss)/Profit for the financial year	(28,778)	7,631
Transfer to reserves	-	(10)
Net (reduction)/addition to shareholders' funds	(28,778)	7,621
Opening shareholders' funds	121,673	114,052
Closing shareholders' funds	92,895	121,673
Equity interests	92,895	121,673