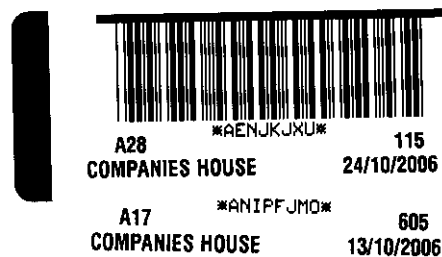


Company Registration No. 2890236 (England and Wales)

RIXON MATTHEWS APPLEYARD LIMITED

REPORTS AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005



RIXON MATTHEWS APLEYARD LIMITED

COMPANY INFORMATION

Directors

R S Johnson
J D Mutch
J Whiteley
I Laycock
C Owen (Appointed 1 January 2006)
R N Gillingwater

Secretary

J D Mutch

Company number

2890236

Registered office

Estuary Business Park
Henry Boot Way Priory East Park East
Hull
East Yorkshire
HU4 7DY

Auditors

Barber Harrison & Platt
2 Rutland Park
Sheffield
S10 2PD

Business address

Estuary Business Park
Henry Boot Way Priory East Park East
Hull
East Yorkshire
HU4 7DY

Bankers

Barclays Bank
P.O. Box 1385 2 Arena Court
SHEFFIELD
S9 2WU

RIXON MATTHEWS APLEYARD LIMITED

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RIXON MATTHEWS APLEYARD LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities and review of the business

The principal activity of the company continued to be that of general insurance broking.

Results and dividends

The results for the year are set out on page 5.

Directors

The following directors have held office since 1 January 2005:

R S Johnson

J D Mutch

J Whiteley

I Laycock

C Owen

(Appointed 1 January 2006)

R N Gillingwater

Directors' interests

R S Johnson, J D Mutch, J Whiteley and I Laycock are also directors of the parent undertaking, ProActive Risk Group Limited, and their interest in the shares of the parent undertaking are shown in the accounts of that company.

None of the directors hold any shares in Rixon Matthews Appleyard Limited.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Barber Harrison & Platt be reappointed as auditors of the company will be put to the Annual General Meeting.

RIXON MATTHEWS APLEYARD LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

Directors' responsibilities

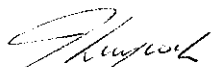
The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 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 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.

On behalf of the board



I Laycock

Director

14 September 2006

RIXON MATTHEWS APLEYARD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RIXON MATTHEWS APLEYARD LIMITED

We have audited the financial statements of Rixon Matthews Appleyard Limited on pages 5 to 17 for the year ended 31 December 2005. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 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 International Standards on Auditing (UK and Ireland).

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 or 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 International Standards on Auditing (UK and Ireland) 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.

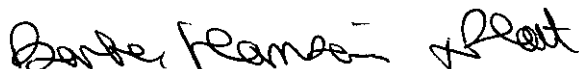
RIXON MATTHEWS APLEYARD LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF RIXON MATTHEWS APLEYARD LIMITED

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended ; and
- have been properly prepared in accordance with the Companies Act 1985.



Barber Harrison & Platt

18 September 2006

Chartered Accountants

Registered Auditor

2 Rutland Park
Sheffield
S10 2PD

RIXON MATTHEWS APLEYARD LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Turnover	2	2,356,535	2,378,699
Administrative expenses		(2,061,509)	(1,922,428)
Operating profit	3	295,026	456,271
Costs of reorganisation		-	(99,185)
Profit on ordinary activities before interest		295,026	357,086
Other interest receivable and similar income	4	77,435	62,159
Interest payable and similar charges	5	(10,671)	-
Profit on ordinary activities before taxation		361,790	419,245
Tax on profit on ordinary activities	6	(114,033)	(153,147)
Profit for the year	18	247,757	266,098

The profit and loss account has been prepared on the basis that all operations are continuing operations.


There are no recognised gains and losses other than those passing through the profit and loss account.

RIXON MATTHEWS APLEYARD LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Intangible assets	8		33,000		36,000
Tangible assets	9		285,947		296,709
Investments	10		740,471		740,471
			<u>1,059,418</u>		<u>1,073,180</u>
Current assets					
Debtors	11	1,130,885		1,060,895	
Cash at bank and in hand		1,435,464		1,764,132	
		<u>2,566,349</u>		<u>2,825,027</u>	
Creditors: amounts falling due within one year	13	<u>(2,619,030)</u>		<u>(2,914,330)</u>	
Net current liabilities			<u>(52,681)</u>		<u>(89,303)</u>
Total assets less current liabilities			<u>1,006,737</u>		<u>983,877</u>
Creditors: amounts falling due after more than one year	14		(397,338)		(417,577)
Provisions for liabilities	15		<u>(12,500)</u>		<u>(19,500)</u>
			<u>596,899</u>		<u>546,800</u>
Capital and reserves					
Called up share capital	17		50,700		50,700
Other reserves	18		330,000		330,000
Profit and loss account	18		216,199		166,100
Shareholders' funds	19		<u>596,899</u>		<u>546,800</u>

Approved by the Board and authorised for issue on 14 September 2006


R S Johnson
Director


I Laycock
Director

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Turnover

Turnover represents amounts received and receivable for services supplied to clients during the year. General commission is recognised on all premiums with an inception date in the year.

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	10% to 25% on cost
Motor vehicles	25% reducing balance
Computer equipment	25% on cost

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Pensions

The company makes contributions to a group personal pension scheme. All pension costs are charged in the year in which they are incurred.

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2005 £	2004 £
Operating profit is stated after charging:		
Amortisation of intangible assets	3,000	3,000
Depreciation of tangible assets	82,760	55,909
Loss on disposal of tangible assets	7,066	-
Operating lease rentals		
- Plant and machinery	10,236	14,904
- Other assets	67,177	62,541
Auditors' remuneration	7,500	7,001
and after crediting:		
Profit on disposal of tangible assets	-	(861)

4 Investment income	2005 £	2004 £
Bank interest	77,435	62,159

5 Interest payable	2005 £	2004 £
On bank loans and overdrafts	1,900	-
Hire purchase interest	8,771	-
	10,671	-

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

6	Taxation	2005 £	2004 £
	Domestic current year tax		
	U.K. corporation tax	120,000	123,000
	Adjustment for prior years	1,033	15,117
		<hr/>	<hr/>
	Current tax charge	121,033	138,117
	Deferred tax		
	Deferred tax charge/credit current year	(7,000)	15,030
		<hr/>	<hr/>
		114,033	153,147
		<hr/>	<hr/>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	361,790	419,245
		<hr/>	<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004 - 30.00%)	108,537	125,774
		<hr/>	<hr/>
	Effects of:		
	Non deductible expenses	7,760	5,803
	Depreciation add back	27,848	26,085
	Capital allowances	(22,336)	(34,637)
	Adjustments to previous periods	1,033	15,117
	Other tax adjustments	(1,809)	(25)
		<hr/>	<hr/>
		12,496	12,343
		<hr/>	<hr/>
	Current tax charge	121,033	138,117
		<hr/>	<hr/>
7	Dividends	2005 £	2004 £
	Ordinary interim paid	197,658	914,608
		<hr/>	<hr/>

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

8 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 January 2005 & at 31 December 2005	61,000
Amortisation	
At 1 January 2005	25,000
Charge for the year	3,000
At 31 December 2005	28,000
Net book value	
At 31 December 2005	33,000
At 31 December 2004	36,000

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

9 Tangible fixed assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At 1 January 2005	220,257	168,193	388,450
Additions	17,642	89,672	107,314
Disposals	-	(64,345)	(64,345)
At 31 December 2005	237,899	193,520	431,419
Depreciation			
At 1 January 2005	58,596	33,145	91,741
On disposals	-	(29,029)	(29,029)
Charge for the year	40,328	42,432	82,760
At 31 December 2005	98,924	46,548	145,472
Net book value			
At 31 December 2005	138,975	146,972	285,947
At 31 December 2004	161,661	135,048	296,709

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Net book values			
At 31 December 2005	68,357	141,185	209,542
At 31 December 2004	91,265	120,427	211,692
Depreciation charge for the year			
At 31 December 2005	22,908	33,706	56,614
At 31 December 2004	13,086	17,847	30,933

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

10 Fixed asset investments

	Shares in group undertakings and participating interests £	Loans to group undertakings and participating interests £	Total £
Cost			
At 1 January 2005 & at 31 December 2005	1,035	739,436	740,471

The company's investment in the above subsidiaries is shown net of the inter-company loans as, in the directors' opinion, this presentation is necessary to give a true and fair view of the company's state of affairs.

11 Debtors

	2005 £	2004 £
Insurance broking debtors	1,040,943	953,184
Amounts owed by parent and fellow subsidiary undertakings	5,608	-
Other debtors	39,738	33,162
Prepayments and accrued income	44,596	74,549
	<u>1,130,885</u>	<u>1,060,895</u>

12 Cash at bank and in hand

	2005 £	2004 £
Insurance broking accounts	1,349,564	1,608,376
Office accounts	85,767	155,609
Cash in hand	133	147
	<u>1,435,464</u>	<u>1,764,132</u>

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

13 Creditors: amounts falling due within one year	2005	2004
	£	£
Bank loans and overdrafts	61,594	-
Net obligations under hire purchase contracts	90,472	73,960
Trade creditors	2,147,935	2,488,342
Bills of exchange payable	15,219	16,967
Corporation tax	49,638	123,000
Other taxes and social security costs	44,742	47,912
Other creditors	96,906	-
Accruals and deferred income	112,524	164,149
	<u>2,619,030</u>	<u>2,914,330</u>
14 Creditors: amounts falling due after more than one year	2005	2004
	£	£
Amounts owed to parent undertaking	340,397	328,061
Net obligations under hire purchase contracts	56,941	89,516
	<u>397,338</u>	<u>417,577</u>
Net obligations under hire purchase contracts		
Repayable within one year	90,472	73,960
Repayable between one and five years	56,941	89,516
	<u>147,413</u>	<u>163,476</u>
Included in liabilities falling due within one year	(90,472)	(73,960)
	<u>56,941</u>	<u>89,516</u>

The amount owed to parent undertaking has no set repayment terms and is interest free.

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

15 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 January 2005	19,500
Profit and loss account	(7,000)
	<hr/>
Balance at 31 December 2005	12,500
	<hr/> <hr/>

The deferred tax liability is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	12,500	19,500
	<hr/>	<hr/>

16 Pension costs

Defined contribution

The company operates a Group Personal Pension scheme on behalf of employees and directors.

	2005 £	2004 £
Contributions payable by the company for the year	77,295	81,943
	<hr/>	<hr/>

17 Share capital

	2005 £	2004 £
Authorised		
35,490 Ordinary Shares of £1 each	35,490	35,490
15,210 'A' Ordinary Shares of £1 each	15,210	15,210
350,000 Redeemable Preference Shares of £1 each	350,000	350,000
	<hr/>	<hr/>
	400,700	400,700
	<hr/>	<hr/>
Allotted, called up and fully paid		
35,490 Ordinary Shares of £1 each	35,490	35,490
15,210 'A' Ordinary Shares of £1 each	15,210	15,210
	<hr/>	<hr/>
	50,700	50,700
	<hr/>	<hr/>

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

18 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2005	330,000	166,100
Profit for the year	-	247,757
Dividends paid	-	(197,658)
Balance at 31 December 2005	330,000	216,199
Other reserves		
Capital redemption reserve		
Balance at 1 January 2005 & at 31 December 2005	330,000	

19 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	247,757	266,098
Dividends	(197,658)	(914,608)
Net addition to/(depletion in) shareholders' funds	50,099	(648,510)
Opening shareholders' funds	546,800	1,195,310
Closing shareholders' funds	596,899	546,800

20 Financial commitments

At 31 December 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2006:

	Land and buildings		Other	
	2005 £	2004 £	2005 £	2004 £
Operating leases which expire:				
Between two and five years	68,000	68,000	9,800	10,661

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

21 Directors' emoluments	2005 £	2004 £
Emoluments for qualifying services	270,496	255,536
Company pension contributions to money purchase schemes	21,240	21,240
	<u>291,736</u>	<u>276,776</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 5 (2004 - 5).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>112,089</u>	<u>104,103</u>
------------------------------------	----------------	----------------

22 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding 2005 £	2004 £	Maximum in year £
R N Gillingwater	<u>1,560</u>	<u>-</u>	<u>2,000</u>

23 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Insurance broking and administration	<u>46</u>	<u>45</u>

Employment costs

	2005 £	2004 £
Wages and salaries	1,108,789	1,054,553
Social security costs	35,832	27,239
Other pension costs	77,295	81,943
	<u>1,221,916</u>	<u>1,163,735</u>

RIXON MATTHEWS APLEYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) ***FOR THE YEAR ENDED 31 DECEMBER 2005***

24 Control

The company's parent undertaking is ProActive Risk Group Limited.

25 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the parent undertaking.