

EASYPAY INSURANCE SERVICES LTD

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2004

REGISTERED NUMBER - 3238598

Essell

ACCOUNTANTS
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EASYPAY INSURANCE SERVICES LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2004

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REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2004

Directors:

R Mason	
A P Burnett	
A E Stanger-Leathes	appointed 17 December 2003
S R Bales	appointed 1 March 2004
A A Beenshill	resigned 17 December 2003
C J Stanger-Leathes	resigned 17 December 2003
M Beenshill	appointed 17 December 2003
	resigned 1 March 2004

Registered Office:

29 Howard Street
North Shields
Tyne & Wear
NE30 1AR

Bankers:

National Westminster Bank plc
69 Bedford Way
North Shields
Tyne & Wear
NE29 6QB

Solicitors:

Robinson & Murphy
13 Grey Street
Newcastle upon Tyne
NE1 6EE

Accountants:

Essell
29 Howard Street
North Shields
Tyne & Wear
NE30 1AR

DIRECTORS' REPORT

The Directors present their Report and the unaudited Financial Statements for the year ended 31 August 2004. The Financial Statements do not include the results of the only subsidiary Company, Direct Claims (UK) Limited, as the Directors have taken advantage of the Group's qualification as a small group and have not prepared consolidated accounts.

PERFORMANCE

The Directors have recognised the need to improve the relationship with the Underwriters and have taken steps, with effect from January 2004, to forge a closer relationship with an Underwriter. The Directors have negotiated a new contract with the new Underwriter, taking account of changes in the regulation of the Insurance Market, which has removed the Company from front line relationships with clients.

The changes took place part way through the year, and the Directors are confident that they will result in an improvement in the Company's position in the year ahead.

PRINCIPAL ACTIVITIES

The Company's principal activity is that of an Insurance facilitator.

The subsidiary Company, Direct Claims UK Ltd, was dormant throughout the year.

DIRECTORS

The Directors who served during the year to 31 August 2004, and their beneficial interest in the Company's issued Ordinary Share Capital, were as follows:-

	Number of Shares	
	2004	2003
R Mason	1	1
A P Burnett	1	1
A E Stanger-Leathes (appointed 17 December 2003)	1	1
A A Beenshill (resigned 17 December 2003)	-	1
C J Stanger-Leathes (resigned 17 December 2003)	-	1
M Beenshill (app 17 Dec 2003, resign 1 March 2004)	1	1
S R Bales (appointed 1 March 2004)	-	-

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

By order of the Board



A E Stanger-Leathes
Director

18 May 2005

EASYPAY INSURANCE SERVICES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2004**

	2004 £	2003 £
TURNOVER (Note 2)	1,652,218	1,717,864
Administrative Expenses	<u>1,331,888</u>	<u>1,268,925</u>
OPERATING PROFIT BEFORE INTEREST RECEIVABLE (Note 3)	320,329	448,939
Interest Receivable	<u>2,498</u>	<u>4,033</u>
OPERATING PROFIT BEFORE INTEREST PAYABLE	322,828	452,972
Interest Payable	<u>40</u>	<u>0</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	322,787	452,972
Tax on Profit on Ordinary Activities (Note 10)	<u>56,489</u>	<u>115,327</u>
PROFIT AFTER TAXATION	266,299	337,645
DISTRIBUTION (Note 11)	120,000	360,000
RETAINED PROFIT / (DEFICIT) FOR THE YEAR (Note 8)	<u>146,299</u>	<u>(22,355)</u>

The Company has no recognised gains or losses other than those included in the profit for the period.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated, and their historical cost equivalents.

All of the Company's operations are classed as continuing.

A statement of the movement on reserves appears in note 8 to the financial statements.

The notes on pages 4 to 6 form part of these financial statements.

BALANCE SHEET AS AT 31 AUGUST 2004

	2004	2003
	£	£
FIXED ASSETS		
Tangible Assets (Note 4)	78,217	87,240
CURRENT ASSETS		
Debtors (Note 5)	166,744	139,222
Cash at Bank and in Hand	99,661	227,824
	<u>266,405</u>	<u>367,046</u>
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR (Note 6)		
	186,384	442,346
	<u>186,384</u>	<u>442,346</u>
NET CURRENT ASSETS / (LIABILITIES)		
	80,022	(75,300)
	<u>158,239</u>	<u>11,940</u>
CAPITAL AND RESERVES		
Called up Share Capital (Note 7)	8	8
Profit and Loss Account (Note 8)	158,231	11,932
	<u>158,239</u>	<u>11,940</u>

For the year ended 31 August 2004, the Company was entitled to exemption from the requirement to have an audit under the provisions of Section 249A(1) of the Companies Act 1985. No notice has been deposited with the Company under Section 249B(2) of that Act requiring an audit to be carried out.

The Directors acknowledge their responsibilities for :-

- 1) ensuring that the Company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
- 2) preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of its loss for the financial period in accordance with the requirements of Section 226 of the Companies Act 1985 and which otherwise comply with the requirements of that Act relating to financial statements so far as they are applicable to the Company.

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities.

In the Directors' opinion the Company is entitled to those exemptions as a small company.

Approved by the Board
R Mason



Director

18 May 2005

The notes on pages 4 to 6 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2004
1. ACCOUNTING POLICIES
1.1 BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with applicable accounting standards under the historical cost convention.

The Financial Statements do not include the results of the only subsidiary company, Direct Claims (UK) Limited as the Group qualifies as a small group and is thereby exempted from publishing consolidated accounts.

1.2 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible Fixed Assets are stated at cost less depreciation. Depreciation is provided on all Tangible Fixed Assets at rates calculated to write off the cost, less estimated residual value, of each Asset, over its expected useful life as follows -

Computer Equipment	:	33% straight line basis
Computer Software	:	50% straight line basis
Office Equipment	:	25% straight line basis
Motor Vehicles	:	25% straight line basis

2. TURNOVER

Turnover comprises the value of goods and services supplied by the Company, and is attributable to the principal activity of the Company.

3. OPERATING PROFIT	2004	2003
	£	£

Operating profit is stated after Charging:-

Loss on Asset Disposal	0	581
Depreciation	<u>58,519</u>	<u>65,543</u>

4. TANGIBLE FIXED ASSETS

	Motor Vehicles	Computer Equipment	Office Equipment	Total
		£	£	£
COST				
Brought Forward	19,334	244,435	57,046	320,815
Additions in the Year	0	45,496	4,000	49,496
Disposal in Year	0	0	0	0
As at 31 August 2004	<u>19,334</u>	<u>289,931</u>	<u>61,046</u>	<u>370,311</u>
DEPRECIATION				
Brought Forward	7,954	182,367	43,254	233,575
Disposal in Year	0	0	0	0
Charge for the Year	4,833	45,986	7,700	58,519
As at 31 August 2004	<u>12,787</u>	<u>228,353</u>	<u>50,954</u>	<u>292,094</u>
NET BOOK VALUE				
As at 31 August 2004	<u>6,547</u>	<u>61,578</u>	<u>10,092</u>	<u>78,217</u>
As at 31 August 2003	<u>11,380</u>	<u>62,068</u>	<u>13,792</u>	<u>87,240</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2004

5. DEBTORS	2004	2003
	£	£
Amounts falling due within one year.		
Trade Debtors	155,511	18,833
Prepayments	11,233	120,389
	<u>166,744</u>	<u>139,222</u>
6. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	2004	2003
	£	£
Trade Creditors	111,650	20,890
Amount owed to Subsidiary Company	0	0
Other Creditors	0	296,538
Corporation Tax	67,570	115,327
Taxation and Social Security Costs	7,164	9,591
	<u>186,384</u>	<u>442,346</u>
7. CALLED UP SHARE CAPITAL	2004	2003
	£	£
AUTHORISED		
Ordinary Shares of £1 each.	<u>100</u>	<u>100</u>
ALLOTTED		
Ordinary Shares of £1 each, fully paid.	<u>8</u>	<u>8</u>
8. PROFIT AND LOSS ACCOUNT	2004	2003
	£	£
Balance Brought Forward	11,932	34,286
Profit / (Loss) retained for the period	146,299	(22,354)
Balance at 31 August 2004	<u>158,231</u>	<u>11,932</u>
9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS	2004	2003
	£	£
Shareholders' funds at 1 September 2003	11,940	34,294
Profit / (Loss) retained for the period	146,299	(22,354)
Shareholders' funds at 31 August 2004	<u>158,239</u>	<u>11,940</u>
10. TAXATION	2004	2003
Corporation Tax Payable @ 30% (2003 : 30%)	67,570	115,327
Overprovision in respect of prior year	(11,081)	0
	<u>56,489</u>	<u>115,327</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2004

11. DISTRIBUTION	2004	2003
Dividend	<u>120,000</u>	<u>360,000</u>

12. GOING CONCERN

The Financial Statements have been prepared on the going concern basis as the Directors are of the opinion that the Company will trade profitably in the future.

13. SUBSIDIARY COMPANY - DIRECT CLAIMS (UK) LIMITED

CALLED UP SHARE CAPITAL	2004	2003
	£	£
AUTHORISED		
Ordinary Shares of £1 each.	<u>1,000</u>	<u>1,000</u>
ALLOTTED		
Ordinary Shares of £1 each, fully paid.	<u>3</u>	<u>3</u>
 Held by Parent Company	 2	 2
Minority Interest	<u>1</u>	<u>1</u>
	<u>3</u>	<u>3</u>

RESULTS AND RESERVES

Profit for the period to 31 August 2004	<u>0</u>	<u>0</u>
Profit and Loss Account balance at 31 August 2004	<u>1</u>	<u>1</u>
Shareholders Funds at 31 August 2004	<u>4</u>	<u>4</u>

14. RELATED PARTY TRANSACTIONS

There were no transactions during the year with Direct Claims (UK) Ltd (2003 : nil)

The Company purchased services and goods from businesses in which the named directors had an interest during the year, as follows:

R Mason & A A Beenshill : Directors of Priory Motor & General Insurance Services Ltd - which provided management services £70,000.
 R Mason : The Proprietor of RM Associates which provided management services £21,000.
 A A Beenshill : The Proprietor of AB Consultants, which provided management services £5,000.
 A P Burnett : The Proprietor of Compusolve Systems - which provided computer software support £65,800.
 C J Stanger-Leathes : A Partner in Essell - who provided accounting services £74,612.50