

Company Number
3886401

Alexander Forbes UK Direct Limited

Report and financial statements

**For the year ended
31 March 2007**



Alexander Forbes UK Direct Limited

Report and Financial Statements

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Alexander Forbes UK Direct Limited Company Information

Directors

G Appleton (appointed 11 July 2006)

S M Foster (appointed 11 July 2006)

T D Morgan

H S Perlín

G E Stobart

Company Secretary

P J Hamson (appointed 7 December 2006)

J M Taylor (resigned 7 December 2006)

Registered Office

6 Bevis Marks

London

EC3A 7AF

Registration Number

3886401

Auditors

BDO Stoy Hayward LLP

Connaught House

Alexandra Terrace

Guildford

Surrey

GU1 3DA

Alexander Forbes UK Direct Limited

Directors' Report

The directors present their report and audited financial statements of the company for the year ended 31 March 2007

Principal activities and review of business developments

The principal activity of the company and the group is that of an intermediary that promotes and administers insurance products.

The directors consider the future prospects of the company to be satisfactory. The company is set to continue with the principal activity outlined above.

Results and dividends

The results for the year and the state of the company's affairs are as set out in the attached financial statements.

The directors have not declared an interim/final ordinary dividend to be paid (2006:£ Nil).

Directors and directors' interests

The directors of the company during the year under review are shown on page 1. The company has not disclosed directors' interests in shares and share options, such a requirement having been removed from the Companies Act for directors' reports approved on or after 6 April 2007.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group as at the end of the financial year and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently except for changes arising on the adoption of new accounting standards;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

Alexander Forbes UK Direct Limited

Directors' Report

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.

The directors are satisfied that adequate business reviews have been conducted over the company's internal controls and operations.

Financial risk management objectives and policies

The directors consider that there is no material exposure to price, currency, credit, liquidity or interest rate risk for the financial instruments held by the company. The company does not hold equity instruments, the financial assets and liabilities are British pound denominated.

Disclosure of information to auditors

So far as each director at the date of approval of this report is aware:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

BDO Stoy Hayward LLP have consented to act as auditors of the company and a resolution concerning their re-appointment will be proposed at the annual general meeting.



S M Foster
Director

25 May 2007

Alexander Forbes UK Direct Limited
Independent Auditors' Report
to the shareholders of Alexander Forbes UK Direct Limited

We have audited the group and parent financial statements of Alexander Forbes UK Direct Limited for the year ended 31st March 2007, which comprise the group profit and loss account, the group and company balance sheets, the group cashflow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

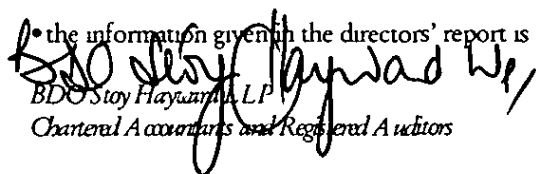
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

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 March 2007 and of its results for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.


BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors

Guildford
14/6/2007

Alexander Forbes UK Direct Limited
Consolidated Profit and Loss Account
for the year ended 31 March 2007

	Notes	2007 £	2006 £
Turnover	2	2,118,744	2,170,930
Operating expenses (including goodwill amortisation)		(762,108)	(1,706,126)
Operating profit	4	<u>1,356,636</u>	<u>464,804</u>
Other interest receivable and similar income	3	5,551	18,880
Profit on ordinary activities before taxation		<u>1,362,187</u>	<u>483,684</u>
Tax on profit on ordinary activities	7	(456,027)	(143,729)
Profit on ordinary activities after taxation	15	<u>906,160</u>	<u>339,955</u>

All items dealt with in arriving at the above results relate to continuing operations.

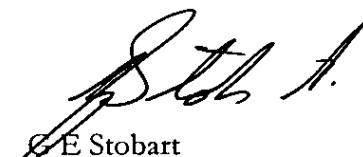
The company had no recognised gains and losses during the years, other than the result for each year, and therefore no separate statement of total recognised gains and losses has been prepared.

There is no difference between the above results from ordinary activities before taxation and the results for the years stated above and their historical cost equivalents.

Alexander Forbes UK Direct Limited
Consolidated Balance Sheet
as at 31 March 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	8	2,303	450
Current assets			
Stocks	10	17,992	75,181
Debtors	11	188,995	417,938
Cash at bank and in hand		449,154	458,222
		<u>656,141</u>	<u>951,341</u>
Creditors: amounts falling due within one year	12	(396,103)	(442,936)
Net current assets		<u>260,038</u>	<u>508,405</u>
Total assets less current liabilities		<u>262,341</u>	<u>508,855</u>
Creditors: amounts falling due after more than one year	13	-	(1,152,674)
Net assets/(liabilities)		<u>262,341</u>	<u>(643,819)</u>
Capital and reserves			
Called up share capital	14	1,087	1,087
Profit and loss account	15	261,254	(644,906)
Shareholders' funds/(deficit) - equity	16	<u>262,341</u>	<u>(643,819)</u>

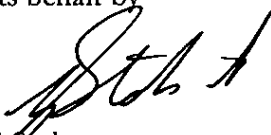
The financial statements on pages 5 to 17 were approved by the board of directors on *25 May 2007* and signed on its behalf by


G E Stobart
Director

Alexander Forbes UK Direct Limited
Company Balance Sheet
as at 31 March 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	8	2,303	450
Investments in group undertakings - Shares		1	1
Investments in group undertakings - Loans	9	-	88,956
		<u>2,304</u>	<u>89,407</u>
Current assets			
Stocks	10	17,992	75,181
Debtors	11	188,995	417,938
Cash at bank and in hand		404,120	434,737
		<u>611,107</u>	<u>927,856</u>
Creditors: amounts falling due within one year	12	(376,100)	(457,978)
Net current assets		<u>235,007</u>	<u>469,878</u>
Total assets less current liabilities		<u>237,311</u>	<u>559,285</u>
Creditors: amounts falling due after more than one year	13	-	(1,152,674)
Net assets/(liabilities)		<u>237,311</u>	<u>(593,389)</u>
Capital and reserves			
Called up share capital	14	1,087	1,087
Profit and loss account	15	236,224	(594,476)
Shareholders' funds/(deficit) - equity	16	<u>237,311</u>	<u>(593,389)</u>

The financial statements on pages 5 to 17 were approved by the board of directors on ^{28 May 2007} and signed on its behalf by


G E Stobart
Director

Alexander Forbes UK Direct Limited
Consolidated Cash Flow Statement
for the year ended 31 March 2007

	Notes	2007 £	2006 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		1,356,636	464,804
Depreciation charges		774	309
Decrease in stocks		57,189	6,861
Decrease/(increase) in debtors		228,734	(67,412)
Decrease in creditors		(1,409,954)	(1,088,118)
Net cash inflow/(outflow) from operating activities		<u>233,379</u>	<u>(683,556)</u>
CASH FLOW STATEMENT			
Net cash inflow/(outflow) from operating activities		233,379	(683,556)
Returns on investments and servicing of finance	17	5,551	18,880
Taxation		(245,371)	146,893
Capital expenditure	17	<u>(2,627)</u> (9,068)	<u>-</u> (517,783)
Decrease in cash		<u>(9,068)</u>	<u>(517,783)</u>
Reconciliation to net cash			
Decrease in cash in the period		(9,068)	(517,783)
Change in net funds	18	<u>(9,068)</u>	<u>(517,783)</u>
Net funds at 1 April		458,222	976,005
Net funds at 31 March		<u>449,154</u>	<u>458,222</u>

Alexander Forbes UK Direct Limited
Notes to the Financial Statements
for the year ended 31 March 2007

1 Principal accounting policies

Basis of accounting

These financial statements are prepared under the historical cost convention and are in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

Turnover and recognition of insurance premium

Commissions receivable on the sale of insurance policies are recognised as revenue upon receipt and inception of the relevant underlying insurance contracts. Insurance premiums are recognised in the balance sheet as cash with corresponding creditor balances, upon receipt.

Prior to receipt no amounts are recognised for insurance premiums receivable since the Group is not a principal to the underlying insurance contracts. No amounts are deferred as the Group has no ongoing servicing obligations in relation to commission receivable.

Tangible fixed assets

Fixed assets are stated at cost. When fixed assets are transferred between group companies, the acquiring company reflects both the original cost and the accumulated depreciation to the date of transfer. The cost of tangible assets is written off on a straight line basis over their expected useful lives as follows:

Fixtures and fittings - 7 years
 Computer hardware - 3 years
 Computer software costs written off in the year of purchase

Investments

Investments are stated at cost, unless their value has been impaired in which case they are valued at their realisable value or value in use as appropriate.

Deferred taxation

The charge for ordinary taxation is based on the profits for the year. Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation, as required by Financial Reporting Standard 19. Deferred tax is measured in the financial statements on a non-discounted basis.

2 Turnover

Turnover is attributable to the principal activity of promotion and administration of insurance products. The Group operates in the UK and the whole of its turnover is in the UK market.

3 Other interest receivable and similar income

	2007 £	2006 £
Interest receivable	5,551	18,880
	<u>5,551</u>	<u>18,880</u>

Alexander Forbes UK Direct Limited
Notes to the Financial Statements
for the year ended 31 March 2007

4 Operating profit	2007	2006
	£	£
This is stated after charging		
Depreciation of owned fixed assets	774	309
Auditors' remuneration	11,000	8,359

5 Directors' emoluments

The company paid fees of £10,000 (2006 - £10,000) for the services of a director. All other directors are remunerated by other group companies for their services to the group as a whole. An allocation is made to the company in respect of their services through a management recharge. Directors' emoluments are shown in the financial statements of the highest company within the group of which they are a director.

	2007	2006
	£	£
Emoluments	-	210,937
Highest paid director: Emoluments	-	200,937
Highest paid director: Accrued retirement benefits from defined contribution pension schemes	-	7,273
Number of directors in company pension schemes:	2007	2006
Defined contribution schemes	-	1

6 Employee information

The company has no employees. Staff costs were borne by LIGS Limited (formerly Alexander Forbes Group Services Limited) until 31 October 2006 and by Alexander Forbes Services Limited from 1 November 2006 until 31 March 2007. Both entities were fellow group undertakings and recharged staff costs to the company as management fees. Details of employees and employee related costs, including pension costs, are shown in the financial statements of these companies.

Alexander Forbes UK Direct Limited
Notes to the Financial Statements
for the year ended 31 March 2007

7 Taxation on profits on ordinary activities
Group

	2007 £	2006 £
Current tax:		
UK corporation tax on profits of the period	403,785	65,150
Adjustments in respect of previous periods	52,033	51,921
	<u>455,818</u>	<u>117,071</u>
Deferred tax:		
Origination and reversal of timing differences	209	80,154
Adjustments to tax in respect of previous periods	-	(53,496)
	<u>456,027</u>	<u>143,729</u>
Tax on profit on ordinary activities	<u>456,027</u>	<u>143,729</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2007 £	2006 £
Profit on ordinary activities before tax	<u>1,362,187</u>	<u>483,684</u>
Standard rate of corporation tax in the UK	30%	30%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	408,656	145,105
Factors effecting change:		
Other timing differences	(4,871)	(79,955)
Adjustments to tax charge in respect of previous periods	52,033	51,921
Current tax charge for period	<u>455,818</u>	<u>117,071</u>

Alexander Forbes UK Direct Limited
Notes to the Financial Statements
for the year ended 31 March 2007

8 Tangible fixed assets
Group and Company

	Computer hardware £	Computer software £	Fixtures and fittings £	Total £
Cost				
At 1 April 2006	8,602	6,162	396	15,160
Additions	2,627	-	-	2,627
At 31 March 2007	11,229	6,162	396	17,787
Depreciation				
At 1 April 2006	8,152	6,162	396	14,710
Charge for the year	774	-	-	774
At 31 March 2007	8,926	6,162	396	15,484
Net book value				
At 31 March 2007	2,303	-	-	2,303
At 31 March 2006	450	-	-	450

9 Investments in subsidiary undertakings
Group - Goodwill

	2007 £	2006 £
Cost		
At 1 April	83,300	-
Acquisitions	-	83,300
At 31 March	83,300	83,300
Impairment		
At 1 April	(83,300)	-
Impairment	-	(83,300)
At 31 March	(83,300)	(83,300)
Net Book Value		
At 1 April and 31 March	-	-

Company - Investment

At 1 April 2006	1
Transfer from fellow subsidiary undertaking	-
At 31 March 2007	1

In the prior year the legal ownership of Media Insurance Services UK Limited was transferred to Alexander Forbes UK Direct Limited. The transfer resulted in goodwill of £83,300, which was fully impaired, and an investment of £1. The company is incorporated in the United Kingdom and is a 100% wholly owned subsidiary.

Alexander Forbes UK Direct Limited
Notes to the Financial Statements
for the year ended 31 March 2007

10 Stocks

GROUP AND COMPANY

	2007	2006
	£	£
Finished goods	17,992	75,181

The difference between purchase price or production cost of stocks and their replacement cost is not material.

11 Debtors

GROUP AND COMPANY

	2007	2006
	£	£
Amounts owed by group undertakings	47	249,748
Deferred tax asset*	633	842
Prepayments and accrued income	188,315	167,348
	<u>188,995</u>	<u>417,938</u>

* The deferred tax asset and movements thereon can be analysed as follows

Deferred tax depreciation	633	842
Deferred tax asset	<u>633</u>	<u>842</u>
At 1 April	842	27,500
Deferred tax charge in the profit and loss account	(209)	(26,658)
At 31 March	<u>633</u>	<u>842</u>

12 Creditors: amounts falling due within one year

GROUP

	2007	2006
	£	£
Trade creditors	150,569	305,817
Amounts owed to group undertakings	25,937	123,769
Corporation tax	219,597	9,150
Accruals and deferred income	-	4,200
	<u>396,103</u>	<u>442,936</u>

COMPANY

	2007	2006
	£	£
Trade creditors	146,319	299,460
Amounts owed to group undertakings	29,036	123,767
Corporation tax	200,745	30,751
Accruals and deferred income	-	4,000
	<u>376,100</u>	<u>457,978</u>

Alexander Forbes UK Direct Limited
Notes to the Financial Statements
for the year ended 31 March 2007

13 Creditors: amounts falling due after one year
GROUP AND COMPANY

	2007	2006
	£	£
Amounts owed to group undertakings		750,906
Amounts due to related parties	-	401,768
	<u>-</u>	<u>1,152,674</u>

14 Share capital

	2007	2006
	£	£
Authorised:		
50,010 'A' ordinary shares of £0.01 each	500	500
49,990 'B' ordinary shares of £0.01 each	500	500
8,670 'C' ordinary shares of £0.01 each	87	87
	<u>1,087</u>	<u>1,087</u>
Allotted, called up and fully paid:		
50,010 'A' ordinary shares of £0.01 each	500	500
49,990 'B' ordinary shares of £0.01 each	500	500
8,670 'C' ordinary shares of £0.01 each	87	87
	<u>1,087</u>	<u>1,087</u>

The 50,010 'A' ordinary shares are held by Alexander Forbes Media Holdings Limited, the 49,990 'B' ordinary shares are held by Mr Rodenck Redding and the 8,670 'C' shares are held by Alexander Forbes International Limited (7,460 shares), Byzer Investments Limited (605 shares) and Caberfeidh Investments Limited (605 shares). Byzer Investments Limited and Caberfeidh Investments Limited each own 5% of the issued share capital of Alexander Forbes Media Holdings Limited.

The 'A' and 'B' ordinary shares have equivalent rights and entitlements, including voting rights and rights to dividends. The 'C' ordinary shares are not entitled to receive notice, attend or vote at general meetings of the Company.

15 Profit and loss account

	2007	2006
	£	£
At 1 April	(644,906)	(984,861)
Retained profit	906,160	339,955
At 31 March	<u>261,254</u>	<u>(644,906)</u>

Alexander Forbes UK Direct Limited
Notes to the Financial Statements
for the year ended 31 March 2007

16 Reconciliation of movement in shareholders' funds
GROUP

	2007 £	2006 £
At 1 April	(643,819)	(983,774)
Profit for the financial year	906,160	339,955
At 31 March	<u>262,341</u>	<u>(643,819)</u>

COMPANY

	2007 £	2006 £
At 1 April	(593,389)	(983,774)
Profit for the financial year	830,700	390,385
At 31 March	<u>237,311</u>	<u>(593,389)</u>

The Company has elected under Section 230 of the Companies Act 1985, as amended, not to include its own profit and loss account in these financial statements.

17 Gross cash flows	2007 £	2006 £
Returns on investments and servicing of finance		
Interest received	<u>5,551</u>	<u>18,880</u>
Capital expenditure		
Payments to acquire tangible fixed assets	<u>2,627</u>	<u>-</u>

18 Analysis of changes in net debt

	At 1 Apr 2006 £	Cash flows £	Non-cash changes £	At 31 Mar 2007 £
Cash at bank and in hand	458,222	(9,068)		449,154
Total	<u>458,222</u>	<u>(9,068)</u>	<u>-</u>	<u>449,154</u>

19 Financial commitments

At 31 March 2007 and 31 March 2006 the Company was committed to making the following payments during the next year in respect of these leases

	Land and buildings 2007 £	Land and buildings 2006 £
Operating leases which expire within two to five years	20,000	20,000

Alexander Forbes UK Direct Limited
Notes to the Financial Statements
for the year ended 31 March 2007

20 Related party transactions

COMPANY

During the year the following transactions occurred with related parties

	Amounts due from related party at 31 March 2006	Operating expenses recharged	Taxation & company restructure transfers	Dividend Received	Inter company settlement outstanding balances & loan repayments	Amounts due from related party at 31 March 2007
Media Insurance Services UK Ltd	88,956	51,627		9,000	(149,536)	47
Media Insurance Services Ltd	(123,767)	(295,153)			405,180	(13,740)
Alexander Forbes Services Ltd	-	(13,860)				(13,860)
Alexander Forbes Media Holdings	(392,431)	(163,018)			555,449	-
Alexander Forbes International Ltd	(358,475)		243,365		113,627	(1,483)
Alexander Forbes Group Services Ltd	249,534	(38,665)	(243,365)		32,496	-
Alexander Forbes Media Services Ltd	214				(214)	-
Rodenck Redding	(392,274)				392,274	-
Byzer Investments Ltd	(4,747)				4,747	-
Caberfeidh Investments Ltd	(4,747)				4,747	-

Alexander Forbes UK Direct Limited
Notes to the Financial Statements
for the year ended 31 March 2007

21 Ultimate parent company and controlling party

The company's immediate parent company at 31 March 2007 was Alexander Forbes Media Holdings Limited, a company which is registered in England and Wales. The company's ultimate parent company and controlling party at 31 March 2007 was Alexander Forbes Limited, a company which is registered in South Africa.

The largest and smallest group for which group accounts are prepared and of which the company is a member are as follows

	Largest	Smallest
Name	Alexander Forbes Limited	Alexander Forbes International Limited
Country of incorporation	South Africa	England and Wales
Address from which copies of the group accounts can be obtained	61 Katherine St Sandown 2196 South Africa	6 Bevis Marks London EC3A 7AF