

REGISTRARS COPY

COMPANY NUMBER 3051551

Protrust Deutschland Limited

Report and Financial Statements

Period Ended

31 December 2003



BDO

BDO Stoy Hayward
Chartered Accountants

Protrust Deutschland Limited

Report and financial statements for the period ended 31 December 2003

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Directors

C M J Mathew
A M Bell
A J Parkin
R G Ward

Secretary and registered office

C M J Mathew, Unit 19/21, 13 Sayers Lane, Tenterden, Kent TN30 6VW

Company number

3651551

Auditors

BDO Stoy Hayward LLP, Northside House, 69 Tweedy Road, Bromley, Kent, BR1 3WA

Protrust Deutschland Limited

Report of the directors for the period ended 31 December 2003

The directors present their report together with the audited financial statements for the period ended 31 December 2003.

Change of company name

On 4 August 2003 the company changed its name from Lorne International Limited to Protrust Deutschland Limited.

Results

The profit and loss account is set out on page 5 and shows the profit for the period.

Principal activities

The company's principal activity is that of insurance brokerage.

Directors

The directors of the company during the period and their interests in the ordinary share capital of the company were:

	Ordinary shares of 1p each		Voting shares of 1p each		Worker value added shares of 1p each 10p each	
	31 December 2003*	1 November 2002**	31 December 2003*	1 November 2002**	31 December 2003*	1 November 2002**
C M J Mathew (appointed 15 July 2003)	-	-	-	-	-	-
A M Bell (appointed 15 July 2003)	-	-	-	-	-	-
A J Parkin (appointed 15 July 2003)	-	-	-	-	-	-
R G Ward (appointed 15 July 2003)	-	-	-	-	-	-
B A Major (resigned 15 July 2003)	-	-	-	90	-	700,000
J Major (resigned 15 July 2003)	-	-	-	2	-	700,000
L Miles (resigned 15 July 2003)	-	-	-	2	-	150,000
G Major (resigned 15 July 2003)	-	-	-	2	-	150,000
S Major (resigned 15 July 2003)	-	-	-	2	-	150,000
T Major (resigned 15 July 2003)	-	-	-	2	-	150,000
G M Goodison (resigned 17 January 2003)	-	-	-	-	-	-
* or date of resignation (if earlier)						
** or date of appointment (if later)						

Report of the directors for the period ended 31 December 2003 (*Continued*)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

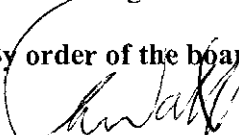
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to re-appoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

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

By order of the board


C M J Mathew
Secretary

Date: 30 April 2004

To the shareholders of Protrust Deutschland Limited

We have audited the financial statements of Protrust Deutschland Limited for the period ended 31 December 2003 on pages 5 to 16 which have been prepared under the accounting policies set out on pages 8 to 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 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 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 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 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward LLP', is written over the printed name of the firm.

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
Bromley

Date: 30 April 2004

Protrust Deutschland Limited

Profit and loss account for the 14 months ended 31 December 2003

	Note	14 months ended 31 December 2003 £	Year ended 31 October 2002 £
Turnover	2	7,619,718	9,455,910
Cost of sales		6,499,007	7,959,250
		<hr/>	<hr/>
Gross profit		1,120,711	1,496,660
Administrative expenses		710,321	520,937
		<hr/>	<hr/>
		410,390	975,723
Other operating income		5,969	8,907
		<hr/>	<hr/>
Operating profit	3	416,359	984,630
Interest receivable		13,706	11,350
Interest payable	5	-	(18)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		430,065	995,962
Taxation on profit on ordinary activities	6	137,565	265,000
		<hr/>	<hr/>
Profit on ordinary activities after taxation		292,500	730,962
Dividends		-	398,323
		<hr/>	<hr/>
Retained profit	11	292,500	332,639
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.

The notes on pages 8 to 16 form part of these financial statements.

Protrust Deutschland Limited

Statement of total recognised gains and losses for the period ended 31 December 2003

	14 months ended 31 December 2003 £	Year ended 31 October 2002 £
Profit for the financial period/year	292,500	730,962
Prior year adjustment	-	(175,170)
	<hr/>	<hr/>
Total recognised gains and losses for the financial period/year	292,500	555,792
	<hr/>	<hr/>

The notes on pages 8 to 16 form part of these financial statements.

Protrust Deutschland Limited**Balance sheet at 31 December 2003**

	Note	31 December 2003 £	31 December 2003 £	31 October 2002 £	31 October 2002 £
Fixed assets					
Tangible assets	7		250,227		246,280
Current assets					
Debtors	8	538,638		304,338	
Cash at bank and in hand		817,269		810,070	
		<u>1,355,907</u>		<u>1,114,408</u>	
Creditors: amounts falling due within one year	9	<u>816,890</u>		<u>863,944</u>	
Net current assets			<u>539,017</u>		<u>250,464</u>
Total assets less current liabilities			<u>789,244</u>		<u>496,744</u>
Capital and reserves					
Called up share capital	10		100		100
Profit and loss account	11		789,144		496,644
Equity shareholders' funds	12		<u>789,244</u>		<u>496,744</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 30 April 2004.

A M Bell
Director



The notes on pages 8 to 16 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

Turnover

Turnover represents agent's commissions receivable for sale of insurance policies to external customers.

Non recurring commissions are recognised on inception of insurance policies.

Renewal commissions are recognised on the renewal of policies.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets except for freehold land, over their expected useful lives. It is calculated at the following rates:

Freehold buildings	- Straight line over 50 years
Fixtures and fittings	- Reducing balance at 25%
Computer equipment	- Straight line over 3 years

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

1 Accounting policies (continued)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

2 Turnover

Turnover arises solely within the United Kingdom.

3 Operating profit

	14 months ended 31 December 2003 £	Year ended 31 October 2002 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	28,254	12,486
Hire of plant and machinery - operating leases	2,089	-
Hire of other assets - operating leases	37,874	-
Audit services	11,750	11,750
	<u>79,967</u>	<u>24,236</u>

Protrust Deutschland Limited

Notes forming part of the financial statements for the period ended 31 December 2003 (Continued)

4 Directors' remuneration

	14 months ended 31 December 2003 £	Year ended 31 October 2002 £
Directors' emoluments	53,219	123,217
Compensation for loss of office	30,000	-
	<hr/>	<hr/>

Of the directors' remuneration above £10,528 is to be paid to other Group companies.

5 Interest payable

	14 months ended 31 December 2003 £	Year ended 31 October 2002 £
Bank overdraft	-	18
	<hr/>	<hr/>

6 Taxation on profit on ordinary activities

	14 months ended 31 December 2003 £	14 months ended 31 December 2003 £	Year ended 31 October 2002 £	Year ended 31 October 2002 £
<i>UK Corporation tax</i>				
Current tax on profits of the period	144,109		285,049	
Adjustment in respect of previous periods	(6,544)		(20,049)	
	<u> </u>		<u> </u>	
Total current tax		137,565		265,000
		<u> </u>		<u> </u>

The tax assessed for the period is higher (2002: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	14 months ended 31 December 2003 £	Year ended 31 October 2002 £
Profit on ordinary activities before tax	430,065	995,962
	<u> </u>	<u> </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2002 - 30%)	129,020	298,789
Effect of:		
Expenses not deductible for tax purposes	10,538	2,348
Differences between capital allowances and depreciation	4,551	(2,715)
Adjustment to tax charge in respect of previous periods	(6,544)	(20,049)
Marginal relief	-	(13,373)
	<u> </u>	<u> </u>
Current tax charge for period	137,565	265,000
	<u> </u>	<u> </u>

7 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>				
At 1 November 2002	229,343	9,136	27,741	266,220
Additions	-	16,205	15,996	32,201
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	229,343	25,341	43,737	298,421
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 November 2002	6,060	4,627	9,253	19,940
Provided for the period	5,209	6,039	17,006	28,254
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	11,269	10,666	26,259	48,194
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2003	218,074	14,675	17,478	250,227
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2002	223,283	4,509	18,488	246,280
	<hr/>	<hr/>	<hr/>	<hr/>

8 Debtors

	31 December 2003 £	31 October 2002 £
Trade debtors	469,668	213,159
Other debtors	68,970	91,179
	<u>538,638</u>	<u>304,338</u>

All amounts shown under debtors fall due for payment within one year.

9 Creditors: amounts falling due within one year

	31 December 2003 £	31 October 2002 £
Trade creditors	595,413	85,911
Corporation tax	144,109	209,976
Other taxation and social security	7,660	7,489
Other creditors	69,708	560,568
	<u>816,890</u>	<u>863,944</u>

10 Share capital

	31 December 2003 £	31 October 2002 £
<i>Authorised</i>		
<i>Equity share capital</i>		
100 voting shares of 1p each	-	1
3,000,000 worker value added shares of 10p each	-	300,000
1,000,000 investor value added shares of 10p each	-	100,000
40,000,100 ordinary shares of 1p each	400,001	-
	<hr/>	<hr/>
	400,001	400,001
	<hr/>	<hr/>
	31 December 2003 £	31 October 2002 £
<i>Allotted, called up and fully paid</i>		
<i>Equity share capital</i>		
10,000 ordinary shares of 1p each	100	-
1,000 worker value added shares of 10p each	-	100
	<hr/>	<hr/>
<i>Allotted, uncalled and nil paid</i>		
<i>Equity share capital</i>		
1,999,000 worker value added shares of 10p each (2002)	-	-
100 voting shares of 1p each (2002)	-	-
19,990,100 ordinary shares of 1p each (2003)	-	-
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

On 15th July 2003, the company passed the following resolutions:

- i) subdivide 3,000,000 worker value added shares of 10p each into 30,000,000 worker value added shares of 1p each; and
- ii) subdivide 1,000,000 investor value added shares of 10p each into 10,000,000 worker value added shares of 1p each.

Following adoption of the above resolutions, a further resolution was passed on 15 July 2003 to redesignate all share capital as ordinary shares of 1p each, carrying equal voting rights and rights to dividends.

Protrust Deutschland Limited

Notes forming part of the financial statements for the period ended 31 December 2003 (*Continued*)

11 Reserves

	Profit and loss account £
At 1 November 2002	496,644
Profit for the period	292,500
	<hr/>
At 31 December 2003	789,144
	<hr/>

12 Reconciliation of movements in shareholders' funds

	14 months ended 31 December 2003 £	Year ended 31 October 2002 £
Profit for the period	292,500	730,962
Dividends	-	(398,323)
	<hr/>	<hr/>
	292,500	332,639
Other net recognised gains and losses relating to the period		
- Prior year adjustment	-	(175,170)
	<hr/>	<hr/>
Net additions to shareholders' funds	292,500	157,469
Opening shareholders' funds	496,744	339,275
	<hr/>	<hr/>
Closing shareholders' funds	789,244	496,744
	<hr/>	<hr/>

13 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	31 December 2003 Land and buildings £	31 December 2003 Other £	31 October 2002 Land and buildings £	31 October 2002 Other £
Operating leases which expire:				
In two to five years	-	-	-	2,160
After five years	18,342	6,289	-	1,584
	<u>18,342</u>	<u>6,289</u>	<u>-</u>	<u>3,744</u>

14 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Protrust International (Luxembourg) SA, a company incorporated in Luxembourg. The ultimate parent company is Protrust Financial Services Group SA, a company incorporated in Switzerland. Consolidated financial statements are not available.

Clerical Medical Europe Financial Services BV, a company which is part of the Clerical Medical Group, also has an interest in the ordinary share capital of Protrust Deutschland Limited.

15 Related party disclosures

Turnover during the period includes commissions from Clerical Medical Investment Group Limited of £7,544,223 (2002 - £8,479,589). Included in trade debtors at 31 December 2003 is an amount of £469,668 (2002 - £184,606) due from Clerical Medical Investment Group Limited.

During the period a management charge of £28,940 (2002 - £Nil) was paid to the Protrust Group.

16 Contingent liabilities

The company is in discussions with the Inland Revenue regarding the potential liability to taxation that might be borne by the company, were certain arrangements entered into by a former director of the company deemed to be taxable. The likely maximum extent of any liability is not expected to exceed £600,000.