

Company Registration No 2839315 (England and Wales)

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2006



GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors

S H Bamforth
D J MacNicoll
R M H Griffiths (non-executive)
D K Wright (non-executive)
A N Johnstone
N A Brace
D J Darke
D J Whalley
P G McGuckin
M Donnelly
C Evans
D J Haram
R H Trotter

Secretary

D J Darke

Company number

2839315

Registered office

Drury House
19 Water Street
Liverpool
L2 0RL

Auditors

Lonsdale & Marsh
Orleans House
Edmund Street
Liverpool
L3 9NG

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

CONTENTS

| | Page |
|---|-------------|
| Directors' report | 1 - 2 |
| Independent auditors' report | 3 - 4 |
| Consolidated profit and loss account | 5 |
| Consolidated balance sheet | 7 |
| Balance sheet | 8 |
| Consolidated cash flow statement | 9 |
| Notes to the consolidated cash flow statement | 10 - 11 |
| Notes to the financial statements | 12 - 29 |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2006

The directors present their report and financial statements for the period ended 30 November 2006

Principal activities and review of the business

The principal activities of the group continued to be those of insurance broker and provider of financial services advice

During the period a strategic decision was taken to re-focus the Group's activities in the Asia Pacific region away from Hong Kong to Australia. Accordingly two companies, Griffiths & Armour Professional Risks Pty Limited and Griffiths & Armour Services Pty Limited were established in Australia in the latter part of 2005, and commenced trading from offices in Sydney in January 2006. Griffiths & Armour (Asia Pacific) Limited, based in Hong Kong, ceased to trade on 31 May 2006, and proceedings to wind this company up began in July 2007.

Results and dividends

The results for the period are set out on page 5

Future developments

The directors expect continued growth for the foreseeable future

Directors

The following directors have held office since 1 June 2005

S H Bamforth

D J MacNicol

R M H Griffiths (non-executive)

D K Wright (non-executive)

A N Johnstone

N A Brace

D J Darke

D J Whalley

P G McGuckin

M Donnelly

C Evans

E Taylor

(Resigned 14 July 2005)

D J Haram

R H Trotter

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 NOVEMBER 2006

Directors' interests

The directors' interests in the shares of the company were as stated below

| | Ordinary shares of £1 each | |
|---------------------------------|----------------------------|-------------|
| | 30 November 2006 | 1 June 2005 |
| S H Bamforth | 54,773 | 43,652 |
| D J MacNicol | 47,500 | 34,203 |
| R M H Griffiths (non-executive) | 823,279 | 823,279 |
| D K Wright (non-executive) | 547,881 | 547,881 |
| A N Johnstone | 150,600 | 150,600 |
| N A Brace | 90,360 | 90,360 |
| D J Darke | 90,360 | 90,360 |
| D J Whalley | 18,082 | 7,001 |
| P G McGuckin | 22,593 | 11,512 |
| M Donnelly | 9,831 | 5,398 |
| C Evans | 15,886 | 7,001 |
| D J Haram | - | - |
| R H Trotter | 2,216 | - |

Auditors

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

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 that 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



D J Whalley

Director

20 August 2007

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

We have audited the financial statements of Griffiths & Armour (Holdings) Limited on pages 5 to 29 for the period ended 30 November 2006. 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

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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we 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.

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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 24 to the financial statements.

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF GRIFFITHS & ARMOUR (HOLDINGS) 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 and the group's affairs as at 30 November 2006 and of the group's profit for the period 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

Lonsdale & Marsh
Lonsdale & Marsh

20 August 2007

Chartered Accountants

Registered Auditor

Orleans House
Edmund Street
Liverpool
L3 9NG

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 NOVEMBER 2006

| | | 2006 | 2005 |
|--|----------|------------------|------------------|
| | Notes | £ | as restated £ |
| Turnover | 2 | | |
| Continuing operations | | 7,817,805 | 7,228,281 |
| Discontinued activities | | 242,795 | 971,844 |
| | | <u>8,060,600</u> | <u>8,200,125</u> |
| Administrative expenses | 3 | (5,181,381) | (4,913,266) |
| Other operating income | 3 | - | 1,060 |
| | | <u></u> | <u></u> |
| Operating profit | 4 | | |
| Continuing operations | | 2,885,013 | 3,519,641 |
| Discontinued activities | | (5,794) | (231,722) |
| | | <u>2,879,219</u> | <u>3,287,919</u> |
| Other interest receivable and similar income | 5 | 325,634 | 174,333 |
| Interest payable and similar charges | 6 | (28,656) | (21,500) |
| | | <u></u> | <u></u> |
| Profit on ordinary activities before taxation | | 3,176,197 | 3,440,752 |
| Tax on profit on ordinary activities | 7 | (989,882) | (1,290,202) |
| | | <u></u> | <u></u> |
| Profit on ordinary activities after taxation | | 2,186,315 | 2,150,550 |
| Minority interests | | (197) | - |
| | | <u></u> | <u></u> |
| Profit for the period | | 2,186,118 | 2,150,550 |
| | | <u></u> | <u></u> |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 30 NOVEMBER 2006

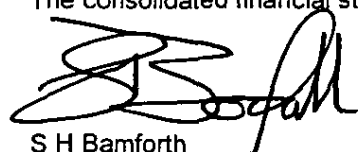
| | Note | 2006 £ | 2005 as restated £ |
|--|------|------------------|--------------------------|
| Profit for the financial period | | 2,186,118 | 2,150,550 |
| Actuarial losses on the defined benefit pension scheme | | 6,000 | (87,000) |
| Movement on deferred tax provision re pension scheme deficit | | (15,900) | 4,200 |
| Tax relief on current year pension contributions | | 14,100 | 21,900 |
| Purchase of own shares | | - | (257,750) |
| Total recognised gains and losses relating to the period | | 2,190,318 | 1,831,900 |
| Prior year adjustment | | - | (2,325,008) |
| Total gains and losses recognised since last financial statements | | <u>2,190,318</u> | <u>(493,108)</u> |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET AS AT 30 NOVEMBER 2006

| | | 2006 | | 2005 as restated | |
|--|-------|-------------------|------------------|---------------------|------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Intangible assets | 9 | | 343,249 | | 403,824 |
| Tangible assets | 10 | | 150,189 | | 146,696 |
| | | | <u>493,438</u> | | <u>550,520</u> |
| Current assets | | | | | |
| Debtors | 12 | 6,345,912 | | 9,590,067 | |
| Cash at bank and in hand | | 5,674,384 | | 4,432,229 | |
| | | <u>12,020,296</u> | | <u>14,022,296</u> | |
| Creditors amounts falling due within one year | 13 | (5,609,055) | | (8,079,317) | |
| Net current assets | | | <u>6,411,241</u> | | <u>5,942,979</u> |
| Total assets less current liabilities | | | <u>6,904,679</u> | | <u>6,493,499</u> |
| Provisions for liabilities and charges | 14 | | (435,000) | | (397,012) |
| | | | <u>6,469,679</u> | | <u>6,096,487</u> |
| Pension scheme liability | 15 | | (144,200) | | (181,300) |
| | | | <u>6,325,479</u> | | <u>5,915,187</u> |
| Capital and reserves | | | | | |
| Called up share capital | 16 | | 2,849,220 | | 2,849,220 |
| Share premium account | 17 | | 137,571 | | 137,571 |
| Other reserves | 17 | | 51,550 | | 51,550 |
| Profit and loss account | 17 | | 3,286,933 | | 2,876,846 |
| Minority interests | | | 205 | | - |
| Shareholders' funds - equity interests | 18 | | <u>6,325,479</u> | | <u>5,915,187</u> |

The consolidated financial statements were approved by the Board on 20 August 2007



S H Bamforth
Director

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

BALANCE SHEET **AS AT 30 NOVEMBER 2006**

| | Notes | 2006 £ | £ | 2005 £ | £ |
|---|-------|--------------------|------------------|--------------------|------------------|
| Fixed assets | | | | | |
| Investments | 11 | | 4,687,666 | | 4,695,005 |
| Current assets | | | | | |
| Debtors | 12 | 534,758 | | 3,843,498 | |
| Cash at bank and in hand | | 9,728 | | 531,588 | |
| | | <u>544,486</u> | | <u>4,375,086</u> | |
| Creditors, amounts falling due within one year | 13 | <u>(1,492,073)</u> | | <u>(4,756,432)</u> | |
| Net current liabilities | | | <u>(947,587)</u> | | <u>(381,346)</u> |
| Net assets | | | <u>3,740,079</u> | | <u>4,313,659</u> |
| Capital and reserves | | | | | |
| Called up share capital | 17 | | 2,849,220 | | 2,849,220 |
| Share premium account | 18 | | 137,571 | | 137,571 |
| Capital redemption reserve | 18 | | 51,550 | | 51,550 |
| Profit and loss account | 18 | | 701,738 | | 1,275,318 |
| Shareholders' funds - equity interests | 19 | | <u>3,740,079</u> | | <u>4,313,659</u> |

The financial statements were approved by the Board on 20 August 2007



S H Bamforth
Director

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 NOVEMBER 2006

| | 2006 | | 2005 | |
|---|-----------|-------------|-----------|--------------|
| | £ | £ | £ | £ |
| Net cash inflow/(outflow) from operating activities (note 1) | | 4,166,718 | | 465,084 |
| Compensation paid | | - | | (159,231) |
| Returns on investments and servicing of finance | | | | |
| Interest received | 325,634 | | 174,333 | |
| Interest paid | (28,656) | | (21,500) | |
| | | | | |
| Net cash inflow from returns on investments and servicing of finance | | 296,978 | | 152,833 |
| Taxation | | (1,282,986) | | (2,807,159) |
| Capital expenditure | | | | |
| Payments to acquire tangible assets | (118,724) | | (136,718) | |
| Receipts from sales of tangible assets | 5,568 | | 35,043 | |
| | | | | |
| Net cash outflow for capital expenditure | | (113,156) | | (101,675) |
| Acquisitions and disposals | | | | |
| Sale of subsidiary (note 4) | | - | | (6,440,980) |
| Equity dividends paid | | (1,780,231) | | (1,047,355) |
| | | | | |
| Net cash outflow before management of liquid resources and financing | | 1,287,323 | | (9,938,483) |
| Financing | | | | |
| Redemption of ordinary share capital | - | | (257,750) | |
| | | | | |
| Net cash inflow/(outflow) from financing | | | | (257,750) |
| | | | | |
| Increase/(decrease) in cash in the year (note 2) | | 1,287,323 | | (10,196,233) |
| | | | | |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 NOVEMBER 2006

| 1 | Reconciliation of operating profit to net cash inflow/(outflow) from operating activities | 2006 | 2005 as restated |
|----------|--|------------------|-----------------------------|
| | | £ | £ |
| | Operating profit | 2,879,219 | 3,287,919 |
| | Depreciation of tangible assets | 107,787 | 69,462 |
| | Amortisation of intangible assets | 60,575 | 40,383 |
| | Loss/(profit) on disposal of tangible assets | 1,092 | (184) |
| | Decrease in debtors | 3,252,735 | 6,072,442 |
| | Decrease in creditors within one year | (2,143,071) | (9,046,282) |
| | Translation difference | 781 | (103) |
| | Increase/(decrease) in provisions | 7,600 | 41,447 |
| | Net cash inflow/(outflow) from operating activities | 4,166,718 | 465,084 |

| 2 | Analysis of net funds | 1 June 2005 | Cash flow | 30 November 2006 |
|----------|------------------------------|--------------------|------------------|-------------------------|
| | | £ | £ | £ |
| | Net cash | | | |
| | Cash at bank and in hand | 4,432,229 | 1,242,155 | 5,674,384 |
| | Bank overdrafts | (45,168) | 45,168 | - |
| | Net funds | 4,387,061 | 1,287,323 | 5,674,384 |

| 3 | Reconciliation of net cash flow to movement in net funds | 2006 | 2005 |
|----------|---|------------------|---------------------|
| | | £ | £ |
| | (Decrease)/increase in cash in the year | 1,287,323 | (10,196,233) |
| | Change in net funds resulting from cash flows | 1,287,323 | (10,196,233) |
| | Net effect of foreign exchange differences | - | 250 |
| | Movement in net funds | 1,287,323 | (10,195,983) |
| | Opening net funds | 4,387,061 | 14,583,044 |
| | Closing net funds | 5,674,384 | 4,387,061 |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE CASH FLOW STATEMENT (CONTINUED) FOR THE PERIOD ENDED 30 NOVEMBER 2006

4 Sale of subsidiary

| | 2006 £ | 2005 £ |
|------------------------|-----------|----------------|
| Net assets sold | | |
| Fixed assets | - | 353,358 |
| Debtors | - | 26,129,815 |
| Bank and cash | - | 7,181,138 |
| Creditors | - | (32,924,153) |
| | <u>-</u> | <u>740,158</u> |
| Satisfied by | | |
| Cash | - | 740,158 |
| | <u>-</u> | <u>740,158</u> |

In the year ended 31 May 2005, the proceeds from the sale of Griffiths & Armour (London) Limited less the cash included in the sale gives a net cash outflow of £6,440,980. The cash included in the sale represents the amount owed to third parties by Griffiths & Armour (London) Limited at the date of sale.

It is not practicable to disclose the individual cashflow effects of the subsidiary on the main cashflow statement headings.

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Basis of consolidation

The consolidated financial statements comprise the accounts of Griffiths & Armour (Holdings) Limited and its subsidiaries. In accordance with the exemption allowed under Section 230 of the Companies Act 1985, the company's profit and loss account is not separately presented.

The subsidiary companies have been consolidated using both merger and acquisition accounting, dependent on the circumstances arising at the date of acquisition. Those companies which were acquired as a result of business reorganisation and mergers have been consolidated using merger accounting. Acquisitions at fair value for cash consideration have been consolidated using acquisition accounting.

1.4 Turnover

Group turnover comprises brokerage income and fees and commissions from the provision of financial services.

Brokerage income is credited to the profit and loss account when clients are invoiced with the relevant premiums or on inception of the risk, whichever is the later.

Where risks are placed that relate to a period of cover, an appropriate part of the income representing the post-placement contractual obligations is deferred to subsequent periods.

1.5 Goodwill

The excess cost of acquisition over the fair value of the underlying net assets is written off against reserves in the year in which it arises where merger accounting is followed, and over a period of 20 years where acquisition accounting is adopted.

1.6 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 by equal annual instalments over its expected useful life, as follows:

| | |
|----------------------------------|---------------|
| Lease costs | 20% |
| Office additions | 20% |
| Fixtures, fittings and computers | 20% - 33 1/3% |
| Motor vehicles | 25% |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 NOVEMBER 2006

1 Accounting policies

(Continued)

1.7 Investments in group

Investments in subsidiaries are shown at cost less any amounts written off for permanent diminution in value

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the future

1.9 Leasing

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 finance charges 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 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.

1.10 Pensions

The pension costs have been charged in the financial statements in accordance with FRS17.

1.11 Insurance broking assets and liabilities

Certain of the subsidiary companies act as agents in broking the insurable risks of their clients and, generally, are not liable as principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the companies' legal relationship with clients and underwriters, and since in practice, premium and claim monies are usually accounted for by insurance intermediaries, they have followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the companies themselves.

In the normal course of business settlement is required to be made with certain markets, market settlement bureaux or insurance intermediaries on the basis of the net settlement due to or from the market, bureau or intermediary in question rather than the amounts due to or from the individual parties which it represents.

However, under Financial Reporting Standard 5 (FRS 5), assets and liabilities may not be offset unless net settlement is legally enforceable. Hence insurance debtors and creditors are shown gross within these financial statements. (See note 25)

1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.13 Restatement of prior year figures

The figures for the prior year have been restated due to a change in the recognition of Griffiths & Armour Limited's primary liability for the Griffiths & Armour (Partnership) defined benefit pension scheme FRS17 deficit. A figure of £109,000 has been recognised through the Profit and Loss Account instead of through the Statement of Total Recognised Gains and Losses. This adjustment has not resulted in any change to the reported net assets and reserves.

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 30 NOVEMBER 2006**

2 Turnover

Geographical market

| | Turnover | |
|-----------------|-----------------|----------------|
| | 2006 | 2005 |
| | £ | £ |
| Hong Kong | 242,795 | 263,067 |
| Channel Islands | 191,595 | 73,475 |
| Australia | 301,388 | - |
| | <u>735,778</u> | <u>336,542</u> |

Other than as shown above, the turnover for the group for the period has been derived from its principal activity undertaken in the United Kingdom

3 Cost of sales and net operating expenses

| | 2006 | | | 2005 | | |
|-------------------------|-------------------|---------------------|------------------|-------------------|---------------------|------------------|
| | Continuing | Discontinued | Total | Continuing | Discontinued | Total |
| | £ | £ | £ | £ | £ | £ |
| Cost of sales | - | - | - | - | - | - |
| Administrative expenses | 4,932,792 | 248,589 | 5,181,381 | 3,708,640 | 1,204,626 | 4,913,266 |
| Other operating income | - | - | - | - | (1,060) | (1,060) |
| | <u>4,932,792</u> | <u>248,589</u> | <u>5,181,381</u> | <u>3,708,640</u> | <u>1,203,566</u> | <u>4,912,206</u> |

4 Operating profit

| | 2006 | 2005 |
|---|---------------|-------------|
| | £ | £ |
| Operating profit is stated after charging | | |
| Amortisation of intangible assets | 60,575 | 40,383 |
| Depreciation of tangible assets | 107,787 | 69,462 |
| Loss on disposal of tangible assets | 1,092 | - |
| Loss on foreign exchange transactions | - | 47 |
| Auditors' remuneration | 29,660 | 15,726 |
| and after crediting | | |
| Profit on disposal of tangible fixed assets | - | 184 |
| Profit on foreign exchange transactions | <u>12,489</u> | <u>-</u> |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 30 NOVEMBER 2006**

| | | | |
|----------|---|------------------|----------------------------|
| 5 | Investment income | 2006 | 2005 |
| | | £ | £ |
| | Bank interest | 325,634 | 174,333 |
| | | <u>325,634</u> | <u>174,333¹</u> |
| 6 | Interest payable | 2006 | 2005 |
| | | £ | £ |
| | On bank loans and overdrafts | 23,656 | 9,500 |
| | Other interest | 5,000 | 12,000 |
| | | <u>28,656</u> | <u>21,500</u> |
| 7 | Taxation | 2006 | 2005 |
| | | £ | £ |
| | Domestic current year tax | | |
| | U K corporation tax | 1,031,943 | 1,297,550 |
| | Adjustment for prior years | (41,219) | (5) |
| | | <u>990,724</u> | <u>1,297,545</u> |
| | Foreign corporation tax | | |
| | Foreign corporation tax | 9,943 | 69 |
| | Adjustment for prior years | 308 | 276 |
| | | <u>10,251</u> | <u>345</u> |
| | Current tax charge | 1,000,975 | 1,297,890 |
| | Deferred tax | | |
| | Deferred tax charge/(credit) current year | (11,093) | (7,688) |
| | | <u>989,882</u> | <u>1,290,202</u> |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 30 NOVEMBER 2006**

7 Taxation

(Continued)

| | 2006 £ | 2005 £ |
|--|-------------------|-------------------|
| Factors affecting the tax charge for the period | | |
| Profit on ordinary activities before taxation | 3,176,197 | 3,440,752 |
| | <u> </u> | <u> </u> |
| Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005: 30.00%) | 952,859 | 1,032,226 |
| | <u> </u> | <u> </u> |
| Effects of | | |
| Non deductible expenses | 77,948 | 241,274 |
| Depreciation add back | 29,549 | 19,101 |
| Amortisation | 18,173 | 12,115 |
| Capital allowances | (20,841) | (22,726) |
| Adjustments to previous periods | (40,911) | 271 |
| Other tax adjustments | (15,802) | 15,629 |
| | <u> </u> | <u> </u> |
| | 48,116 | 265,664 |
| | <u> </u> | <u> </u> |
| Current tax charge | 1,000,975 | 1,297,890 |
| | <u> </u> | <u> </u> |

8 Dividends

| | 2006 £ | 2005 £ |
|-----------------------|-------------------|-------------------|
| Ordinary interim paid | 1,780,231 | - |
| | <u> </u> | <u> </u> |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 30 NOVEMBER 2006**

9 Intangible fixed assets

| | Goodwill |
|-----------------------|------------------|
| | £ |
| Cost | |
| At 1 June 2005 | 3,376,532 |
| At 30 November 2006 | <u>3,376,532</u> |
| Amortisation | |
| At 1 June 2005 | 2,972,708 |
| Charge for the period | 60,575 |
| At 30 November 2006 | <u>3,033,283</u> |
| Net book value | |
| At 30 November 2006 | <u>343,249</u> |
| At 31 May 2005 | <u>403,824</u> |

10 Tangible fixed assets

| | Lease costs | Office additions | Fixtures, fittings and computers | Motor vehicles | Total |
|-----------------------|--------------------|-------------------------|---|-----------------------|----------------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 June 2005 | 27,610 | 42,838 | 438,920 | 16,552 | 525,920 |
| Additions | - | - | 36,660 | 82,064 | 118,724 |
| Disposals | - | - | (35,580) | (3,118) | (38,698) |
| At 30 November 2006 | <u>27,610</u> | <u>42,838</u> | <u>440,000</u> | <u>95,498</u> | <u>605,946</u> |
| Depreciation | | | | | |
| At 1 June 2005 | 4,600 | 37,012 | 335,848 | 1,764 | 379,224 |
| Exchange differences | - | - | 784 | - | 784 |
| On disposals | - | - | (31,991) | (47) | (32,038) |
| Charge for the period | 8,280 | 5,826 | 81,394 | 12,287 | 107,787 |
| At 30 November 2006 | <u>12,880</u> | <u>42,838</u> | <u>386,035</u> | <u>14,004</u> | <u>455,757</u> |
| Net book value | | | | | |
| At 30 November 2006 | <u>14,730</u> | <u>-</u> | <u>53,965</u> | <u>81,494</u> | <u>150,189</u> |
| At 31 May 2005 | <u>23,010</u> | <u>5,826</u> | <u>103,072</u> | <u>14,788</u> | <u>146,696</u> |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 30 NOVEMBER 2006**

11 Fixed asset investments

| | Note | 2006 | | 2005 | |
|---------------------------|------|------------|--------------|------------|--------------|
| | | Group £ | Company £ | Group £ | Company £ |
| Group undertakings | | - | 4,687,666 | - | 4,695,005 |
| <hr/> | | | | | |
| Group undertakings | | | | | |
| Parent company | | | | | £ |
| At 1 June 2005 | | | | | 4,695,005 |
| Additions | | | | | 432 |
| Disposals | | | | | (7,771) |
| | | | | | <hr/> |
| At 30 November 2006 | | | | | 4,687,666 |
| | | | | | <hr/> |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 NOVEMBER 2006

11 Fixed asset investments

(continued)

The investments in Group Companies comprise holdings as follows. All holdings, with the exception of Griffiths & Armour Professional Risks Pty Limited, are 100%

| Company | Activity | Country of incorporation/ registration | Number and class of shares held |
|---|--------------------------------------|---|--|
| Griffiths & Armour Limited | Insurance broker | England and Wales | 1,260 Ordinary shares of £1 each |
| Griffiths & Armour (Financial Services) Limited | Financial services | England and Wales | 420,000 Ordinary shares of £1 each |
| The Temple Insurance PCC Limited | Insurance Company | Guernsey | 250,000 Management Shares of £1 each and 200,000 Insurance Shares of 1p each |
| Griffiths & Armour (Asia Pacific) Limited | Insurance broker | Hong Kong SAR | 100,000 Ordinary shares of HK\$1 each |
| Griffiths & Armour (Trustees) Limited | Non-trading | England and Wales | 6 Ordinary shares of £1 each |
| Griffiths & Armour Risk Management Limited | Risk management consultancy services | England and Wales | 100 Ordinary shares of £1 each |
| Griffiths & Armour Insurance Brokers Limited | Insurance broker | England and Wales | 1,000 Ordinary shares of £1 each |
| Griffiths & Armour Captive Management Limited | Management services | Guernsey | 10,000 Ordinary shares of £1 each |
| Griffiths & Armour Professional Risks Limited | Insurance broker | England and Wales | 4,000 Ordinary shares of £1 each |
| Griffiths & Armour Financial Planning Limited | Insurance broker | England and Wales | 1,000 Ordinary shares of £1 each |
| Griffiths & Armour Construction Risks Limited | Insurance broker | England and Wales | 1,000 Ordinary shares of £1 each |
| Griffiths & Armour Limited | Insurance broker | Ireland | 10,000 Ordinary shares of €1 each |
| Griffiths & Armour Global Risks Limited | Insurance broker | England and Wales | 500,000 Ordinary shares of £1 each |
| Griffiths & Armour Services Pty Limited | Service Company | Australia | 1,000 Ordinary shares of Aus\$1 each |
| Griffiths & Armour Professional Risks Pty Limited | Insurance broker | Australia | 78 Ordinary shares of Aus\$1 each |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 30 NOVEMBER 2006**

| 12 Debtors | 2006 | | 2005 | |
|---|------------------|----------------|------------------|------------------|
| | Group £ | Company £ | Group £ | Company £ |
| Trade debtors | 1,479,974 | - | 2,058,017 | - |
| Amounts owed by subsidiary undertakings | - | 512,365 | - | 3,843,498 |
| Other debtors | 43,342 | - | 76,402 | - |
| Griffiths & Armour Current Account | 4,734,413 | - | 7,434,539 | - |
| Prepayments and accrued income | 79,602 | - | 21,109 | - |
| Corporation tax | - | 22,393 | - | - |
| Deferred tax asset (see note 14) | 8,581 | - | - | - |
| | <u>6,345,912</u> | <u>534,758</u> | <u>9,590,067</u> | <u>3,843,498</u> |

Griffiths & Armour Limited, a wholly owned subsidiary of Griffiths & Armour (Holdings) Limited, is a corporate partner in Griffiths & Armour, a partnership

| 13 Creditors amounts falling due within one year | 2006 | | 2005 | |
|--|------------------|------------------|------------------|------------------|
| | Group £ | Company £ | Group £ | Company £ |
| Bank loans and overdrafts | - | - | 45,168 | - |
| Trade creditors | 3,543,404 | - | 2,337,494 | - |
| Corporation tax | 239,213 | - | 521,224 | 22,393 |
| Other taxes and social security costs | 79,866 | - | 115,780 | - |
| Other creditors | 1,618,485 | 1,479,058 | 4,639,139 | 4,623,673 |
| Amounts owed by subsidiary undertakings | - | 6,432 | - | 18,143 |
| Accruals and deferred income | 128,087 | 6,583 | 420,512 | 92,223 |
| | <u>5,609,055</u> | <u>1,492,073</u> | <u>8,079,317</u> | <u>4,756,432</u> |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 30 NOVEMBER 2006**

14 Provisions for liabilities and charges

| | Provision for indemnity commission £ | Technical provision £ | Deferred tax £ | Total £ |
|----------------------------------|---|-----------------------------|-------------------|------------|
| Balance at 1 June 2005 | 15,000 | 379,500 | 2,512 | 397,012 |
| Profit and loss account | (15,000) | - | - | (15,000) |
| Increase/(decrease) in provision | | 55,500 | (2,512) | 52,988 |
| Balance at 30 November 2006 | - | 435,000 | - | 435,000 |

The technical provision is a provision made against insurance claims by The Temple Insurance PCC Limited, an insurance company

15 Retirement benefits

Defined benefit

The group provides retirement benefits as part of a multi-employer defined benefits scheme in which the Griffiths & Armour Partnership is the lead employer

The scheme became paid up on 31 May 2005. The total contribution to the scheme in the 18 month period ended 30 November 2006 was £807,000 of which £754,000 was made by the Partnership

An actuarial valuation was performed as at 30 November 2005. A recovery plan has been agreed with the Trustees at a group level. Contributions of £534,000 per annum will be paid for the scheme as a whole for a period of ten years commencing on 1 December 2006

| | 2006 % | 2005 % |
|---|-----------|-----------|
| The major assumptions used by the actuary were | | |
| Rate of increase in pensions payment | 2.75 | 2.50 |
| Discount rate | 4.90 | 5.10 |
| Inflation assumption | 3.00 | 2.50 |
| The long term expected rates of return are as follows. | | |
| Group pension contract | 5.80 | 5.80 |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 30 NOVEMBER 2006**

15 Retirement benefits

(Continued)

| | 2006 | 2005 |
|--|-------------|-------------|
| | £ | £ |
| The assets in the scheme are as follows | | |
| Group pension contract | 1,536,000 | 1,186,000 |
| Present value of scheme liabilities | (1,742,000) | (1,445,000) |
| Deficit in scheme | (206,000) | (259,000) |
| Related deferred tax asset | 61,800 | 77,700 |
| Net pension liability | (144,200) | (181,300) |
| | 2006 | 2005 |
| | £ | £ |
| Analysis of the amount charged to operating profit | | |
| Current service cost | - | (74,000) |
| Other costs | - | 57,000 |
| Total operating charge | - | (17,000) |
| Analysis of the amount charged to other finance charges | | |
| Expected return on pension scheme assets | 106,000 | 58,000 |
| Interest on pension scheme liabilities | (111,000) | (70,000) |
| Net return | (5,000) | (12,000) |
| Analysis of amount recognised in the statement of total recognised gains and losses | | |
| Actual return less expected return on pension scheme assets | 202,000 | 63,000 |
| Experience gains and losses arising on scheme liabilities | (17,000) | (15,000) |
| Changes in assumptions underlying the present value of the scheme liabilities | (179,000) | (135,000) |
| Actual (loss)/gain recognised in the statement of total recognised gains and losses | 6,000 | (87,000) |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 30 NOVEMBER 2006**

15 Retirement benefits

(Continued)

| | 2006 | 2005 |
|--|------------------|------------------|
| | £ | £ |
| Movement in deficit during the year | | |
| Deficit in scheme at 1 June 2005 | (259,000) | (211,000) |
| Operating charge | - | (17,000) |
| Other finance charges | (5,000) | (12,000) |
| Contributions made | 52,000 | 102,000 |
| Actuarial gains/(losses) | 6,000 | (87,000) |
| Other movements | - | (34,000) |
| | <u>(206,000)</u> | <u>(259,000)</u> |
| Deficit in scheme at 30 November 2006 | | |

| | 2006 | 2005 | 2004 | 2003 |
|---|---------------|---------------|---------------|--------------|
| | £ | £ | £ | £ |
| History of experience gains and losses | | | | |
| Difference between the expected and actual return on scheme assets | | | | |
| Amount | 202,000 | 63,000 | (1,000) | (4,000) |
| Percentage of scheme assets | 13.2% | 5.3% | (0.1%) | (0.4%) |
| Experience gains and losses on scheme liabilities | | | | |
| Amount | (17,000) | (15,000) | 1,000 | (3,000) |
| Percentage of the present value of the scheme liabilities | (1.0%) | (1.2%) | 0.1% | (0.2%) |
| Total amount recognised in statement of recognised gains and losses | | | | |
| Amount | 6,000 | (87,000) | (96,000) | 167,000 |
| Percentage of the present value of scheme liabilities | <u>(0.3%)</u> | <u>(7.0%)</u> | <u>(7.8%)</u> | <u>13.5%</u> |

Defined contribution

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund. There were no outstanding or prepaid contributions at the balance sheet date.

The contributions by the group to the fund in the period were £161,653 (2005: £74,014).

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 30 NOVEMBER 2006**

| | | | |
|-----------|--|------------------------------|-----------------------------------|
| 16 | Share capital | 2006 | 2005 |
| | | £ | £ |
| | Authorised | | |
| | 3,116,550 Ordinary shares of £1 each | 3,116,550 | 3,116,550 |
| | | <u> </u> | <u> </u> |
| | Allotted, called up and fully paid | | |
| | 2,849,220 Ordinary shares of £1 each | 2,849,220 | 2,849,220 |
| | | <u> </u> | <u> </u> |
| 17 | Statement of movements on reserves | | |
| | Group | | |
| | | Share premium account | Capital redemption reserve |
| | | £ | £ |
| | | | Profit and loss account |
| | | | £ |
| | Balance at 1 June 2005 | 137,571 | 51,550 |
| | Retained profit for the period | - | - |
| | Actuarial losses on pension scheme assets | - | - |
| | Movement on deferred tax provision re pension scheme deficit | - | - |
| | Tax relief on current year pension contributions | - | - |
| | Dividends | | |
| | | | (1,780,231) |
| | | <u> </u> | <u> </u> |
| | Balance at 30 November 2006 | 137,571 | 51,550 |
| | | <u> </u> | <u> </u> |
| | Company | | |
| | | Share premium account | Capital redemption reserve |
| | | £ | £ |
| | | | Profit and loss account |
| | | | £ |
| | Balance at 1 June 2005 | 137,571 | 51,550 |
| | Retained profit for the period | - | - |
| | | <u> </u> | <u> </u> |
| | Balance at 30 November 2006 | 137,571 | 51,550 |
| | | <u> </u> | <u> </u> |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 30 NOVEMBER 2006**

18 Reconciliation of movements in shareholders' funds

| | 2006 | | 2005 | |
|--|------------------|------------------|------------------|------------------|
| | Group | Company | Group £ | Company £ |
| Profit for the financial period | 2,186,118 | 1,206,651 | 2,150,550 | 810,161 |
| Dividends | (1,780,231) | (1,780,231) | - | - |
| | <u>405,887</u> | <u>(573,580)</u> | <u>2,150,550</u> | <u>810,161</u> |
| Proceeds from issue of shares | - | - | - | - |
| Actuarial losses on pension scheme assets | 6,000 | - | (87,000) | - |
| Movement on deferred tax provision re pension scheme deficit | (15,900) | - | 4,200 | - |
| Tax relief on current year pension contributions | 14,100 | - | 21,900 | - |
| Redemption of share capital | - | - | (257,750) | (257,750) |
| Minority interests | 205 | - | - | - |
| | <u>410,292</u> | <u>(573,580)</u> | <u>1,831,900</u> | <u>552,411</u> |
| Net addition to shareholders' funds | 410,292 | (573,580) | 1,831,900 | 552,411 |
| Opening shareholders' funds | 5,915,187 | 4,313,659 | 4,083,287 | 3,761,250 |
| | <u>6,325,479</u> | <u>3,740,079</u> | <u>5,915,187</u> | <u>4,313,659</u> |
| Closing shareholders' funds | 6,325,479 | 3,740,079 | 5,915,187 | 4,313,659 |

19 Contingent liabilities

Prior to 31 May 2004 the Company entered into a Deed of Guarantee with the Society of Lloyd's of London. The guarantee covers the financial and other obligations of Griffiths & Armour Global Risks Limited to the Lloyd's Community. The provision of such a guarantee was a pre-requisite to the registration of this subsidiary as a provisionally accredited Lloyd's broker, and will persist until such time as it is first re-accredited in the normal course. The guarantee has not been recognised in the accounts as it has no fixed value and the timing and amount of any future cashflow in respect of this is therefore unknown.

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 30 NOVEMBER 2006**

20 Financial commitments

At 30 November 2006 the group had annual commitments under non-cancellable operating leases as follows

| | Land and buildings | | | Other |
|----------------------------|--------------------|----------------|--------------|---------------|
| | 2006 | 2005 | 2006 | 2005 |
| | £ | £ | £ | £ |
| Expiry date | | | | |
| Within one year | - | 33,918 | 1,328 | 17,137 |
| Between two and five years | 89,466 | 113,952 | 4,884 | 24,444 |
| | <u>89,466</u> | <u>147,870</u> | <u>6,212</u> | <u>41,581</u> |

The company had no annual commitments under non-cancellable operating leases

| 21 Directors' emoluments | 2006 | 2005 |
|---|---------------|-------------|
| | £ | £ |
| (a) Group | | |
| Emoluments for qualifying services | 733,999 | 676,994 |
| Company pension contributions to money purchase schemes | <u>35,551</u> | <u>-</u> |

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 24 (2005- 23)

There were no directors for whom retirement benefits were accruing under defined benefit schemes during the period (2005- 6)

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

| | | |
|------------------------------------|----------------|---------------|
| Emoluments for qualifying services | <u>142,660</u> | <u>94,446</u> |
| (b) Company | | |
| Emoluments for qualifying services | <u>34,907</u> | <u>21,955</u> |

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 NOVEMBER 2006

22 Employees

Number of employees

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

| | 2006 Number | 2005 Number |
|--------------------------|----------------|----------------|
| Professional & technical | 52 | 46 |
| Administration | 9 | 17 |
| | <u>61</u> | <u>63</u> |

Employment costs

| | £ | £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 2,177,502 | 2,108,659 |
| Social security costs | 212,935 | 203,821 |
| Other pension costs | 167,628 | 168,410 |
| | <u>2,558,065</u> | <u>2,480,890</u> |

23 Auditors' Ethical Standards

In common with many other businesses of our size and nature we use our auditors to provide tax advice and to represent us, as necessary, at tax tribunals

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 NOVEMBER 2006

24 Related party disclosure

a) Transactions with related parties

During the period the group has had significant transactions with Griffiths & Armour (a partnership) in which all the directors, with the exception of D J Darke, R M H Griffiths, D K Wright, D J Haram and R H Trotter are partners

The transactions can be summarised as follows

| | 2006 £ | 2005 £ |
|---|-----------|-----------|
| Transfer of overhead expenditure to the Group | 840,937 | 896,804 |
| Transfer of commission income to the Group | 1,670,120 | 1,097,649 |

b) Balances with related parties

At 30 November 2006 there was a balance due to Griffiths & Armour by the company of £1,479,058 (2005 £4,623,673) and by the group of £1,508,516 (2005 £4,623,673)

At 30 November 2006 there was a balance due to Griffiths & Armour by Griffiths & Armour Financial Services Limited of £6,847 (2005 nil)

At 30 November 2006 there was a balance due to Griffiths & Armour by Griffiths & Armour Services Pty Limited of £65,567 (2005 nil)

At 30 November 2006 there was a balance due from Griffiths & Armour to Griffiths & Armour Global Risks Limited of £42,956 (2005 nil)

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 NOVEMBER 2006

25 Client Money

The statute requiring the Financial Services Authority (FSA) to regulate UK insurance intermediaries, being the Insurance Mediation Directive (IMD), came into force on 14 January 2005. The FSA have established a set of rules for intermediaries to follow in order to comply with the IMD, one part of which is the Client Assets Sourcebook (CASS 5). Prior to the enactment of the IMD, an insurance broker owned the monies paid to it in respect of premiums and claims and correspondingly owned the rights to insurance debtors and the obligation to insurance creditors. CASS 5 now requires that such monies be held in either a statutory or non-statutory trust for the benefit of the related clients and insurers, and as such these monies are now not the property of the broker. The monies so held and the related debtors and creditors would not therefore form part of the broker's net assets in the event of a winding-up and would not be available to its general creditors.

One of the group members, Griffiths & Armour Global Risks Limited, is licensed by the FSA (No 312048) to act as an insurance intermediary and has elected to hold client monies in a non-statutory trust. The amount of such monies held as at 30 November 2006, together with the related debtors and creditors is

| | 2006 £ | 2005 £ |
|---|--------------------|--------------------|
| Non-Statutory Trust Client Bank | 2,332,933 | 728,807 |
| Insurance Debtors | 1,154,584 | 1,578,218 |
| | <u>3,487,517</u> | <u>2,307,025</u> |
| Insurance creditors | <u>(3,484,004)</u> | <u>(2,305,181)</u> |
| Commissions both due to Griffiths & Armour Global Risks Limited not yet earned or received, and those earned and received that were transferred to the Company's own bank accounts immediately after the balance sheet date | <u>3,513</u> | <u>1,844</u> |