

## Consolidated profit and loss account – Technical account (general business)

For the year ended 31 December 2004

	Notes	2004		2003	
		£000	£000	£000	£000
<b>Total premiums written</b>	3		<u>470,400</u>		<u>371,600</u>
Gross premiums written	3	165,343		129,851	
Outwards reinsurance premiums		<u>(48,606)</u>		<u>(38,555)</u>	
<b>Net premiums written</b>			116,737		91,296
Change in the gross provision for unearned premiums		(13,479)		(29,015)	
Change in the provision for unearned premiums, reinsurers' share		<u>4,243</u>		<u>17,046</u>	
Change in net unearned premium provision			<u>(9,236)</u>		<u>(11,969)</u>
<b>Earned premiums, net of reinsurance</b>			107,501		79,327
Profit commission – insurance business	9		3,069		1,178
Allocated investment return transferred from the non-technical account			8,135		4,881
Interest receivable	7		<u>401</u>		<u>705</u>
<b>Total technical income</b>			119,106		86,091
Claims paid:					
- Gross amount		(74,805)		(55,233)	
- Reinsurers' share		<u>23,104</u>		<u>16,154</u>	
- Net claims paid			(51,701)		(39,079)
Change in the provision for claims:					
- Gross amount		(27,799)		9,309	
- Reinsurers' share		<u>5,228</u>		<u>(13,787)</u>	
- Net change in claims provisions			<u>(22,571)</u>		<u>(4,478)</u>
<b>Claims incurred, net of reinsurance</b>			<u>(74,272)</u>		<u>(43,557)</u>
<b>Balance on technical account before net operating expenses</b>			44,834		42,534
Net operating expenses	4		<u>(13,796)</u>		<u>(10,308)</u>
<b>Balance on technical account</b>			<u>31,038</u>		<u>32,226</u>

## Consolidated profit and loss account – Non-technical account

For the year ended 31 December 2004

	Notes	2004		2003	
		£000	£000	£000	£000
<b>Balance on the technical account</b>			31,038		32,226
Investment income		8,602		7,599	
Net unrealised losses on investments		(197)		(2,518)	
Investment expenses and charges		(270)		(200)	
Other income	7	69,457		50,783	
Profit commission – agency business	9	18,604		269	
Other charges:					
- Amortisation of goodwill		(3,906)		(3,906)	
- ESOT / share scheme credit / (charges)	20	4,144		(6,900)	
- Bonuses in lieu of dividends		(3,345)		-	
- Other	7	(15,889)		(13,248)	
- Total other charges		(18,996)		(24,054)	
Allocated investment return transferred to the technical account		(8,135)		(4,881)	
			69,065		26,998
<b>Operating profit</b>			100,103		59,224
Interest receivable	7		3,348		1,166
Interest payable	7		(2,451)		(3,146)
<b>Profit on ordinary activities before taxation</b>			101,000		57,244
Taxation on ordinary activities excluding ESOT share award	8	(31,385)		(18,031)	
Exceptional tax credit on ESOT share award	8	16,985		-	
			(14,400)		(18,031)
<b>Profit for the financial year after tax</b>			86,600		39,213
Dividends paid and proposed	10		(76,045)		-
<b>Retained profit for the financial year</b>			10,555		39,213
Basic and diluted earnings per share - unadjusted	11		33.5p		15.2p
Basic and diluted earnings per share - adjusted	11		26.9p		15.2p

There were no acquisitions in the financial year, and no operations were discontinued. All income and expenditure therefore relates to continuing operations.

There are no recognised gains and losses in either year other than those reported above in the profit and loss account. In accordance with the amendment to FRS 3 (Reporting Financial Performance), no note of historical cost profits has been prepared, as the Group's only material gains and losses on assets relate to the holding and disposal of investments.