

**SABRE INSURANCE
COMPANY LIMITED
2007**

Registered No: 2387080

Reports and Accounts 2007

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Sabre Insurance Company Limited

Directors and Officers

Directors

K J Morris
A Ball
D W Warnock
P Swords
J L Kavanaugh
P N O Robinson

Secretary

K J Morris

Auditor

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered Office

Sabre House
150 South Street
Dorking
Surrey
RH4 2YY

Solicitors

DLA
3 Noble Street
London
EC2V 7EE

Sabre Insurance Company Limited

Chairman's Statement

For the year ended 31 December 2007.

Sabre Insurance Company Limited is a motor insurer writing private car, commercial vehicle and taxi business in the UK.

2007 was another excellent year for Sabre with pre-tax profit of £21.557 million on Gross Written Premium of £80.752 million. With a combined ratio of 80.4%, we expect, as for 2006, to have comfortably outperformed most insurers in our sector. We recorded both record income and profit and ended the year with our highest ever level of net assets.

The improvement in market conditions which started in the last quarter of 2006 has been sustained throughout 2007, with most insurers imposing significant price increases.

The main risks to Sabre are irrational competitor activity, volatility in claims, adverse developments in claims reserves, a fall in asset values and credit risk in relation to reinsurers and other counterparties.

We mitigate the risk of competitor activity through our rigorous attitude towards controlling our pricing. The main Key Performance Indicator we use in our business tracks the strength of our current pricing and predicts the loss ratio outcome of business written. Additionally our underwriting department carefully vets incoming business to ensure that it adheres to our underwriting guidelines.

Volatility in claims is controlled through the purchase of reinsurance. Significant contribution is made by our claims department, the focus of which is on rapid settlement of valid claims and active vigilance against fraud.

The risk of adverse developments in claims reserves are minimised by the long term stability of our claims management philosophy and regular actuarial reviews of claims development.

The composition of our investment portfolio has been designed to minimise risks of adverse movements in asset values. Only 3.8% of total cash and investments were in equities at the balance sheet date; most of the remaining investments were cash or short term government bonds. As a result of the portfolio composition we also consider liquidity risk to be negligible.


To minimise credit risk we monitor the financial strength of our reinsurers and other material counterparties to whom we are exposed.

Additionally we have developed an internal capital model that satisfies the FSA requirements and assists us in business planning and risk control.

As I have alluded to above, Sabre staff are in large part responsible for the company's achievements in 2007 and I, and my fellow directors, would like to take this opportunity of thanking them for their hard work during the year. Staff turnover during the year excluding temporary staff and retirements continues to be less than 10%.

While market conditions have improved, it is not clear how long this more benign environment will be sustained, consequently we will not relax our disciplined approach towards all aspects of our business; by maintaining it we expect that we can continue to outperform the market in 2008 and beyond.

K J Morris
Chairman



Sabre Insurance Company Limited

Directors' Report For the year ended 31 December 2007

The directors present their annual report and audited financial statements for Sabre Insurance Company Limited (the Company) for the year ended 31 December 2007.

Principal Activity

The principal activity of the Company has for the year under review been, and continues to be, the transaction of motor vehicle insurance business and related investment of funds.

Profit and loss account - salient features

	Gross premiums written 2007 £'000	Net earned premiums 2007 £'000	Balance on technical account	
			2007 £'000	2006 £'000
United Kingdom	80,752	68,824	13,515	12,117
			2007 £'000	2006 £'000
Profit on ordinary activities before tax			21,557	19,652
Tax on profit on ordinary activities			(6,391)	(6,246)
Dividends paid			(10,600)	(9,000)
Profit retained for the financial year			4,566	4,406
Balance sheet total assets			196,196	179,572
Shareholder's funds			39,428	34,862

Full details of the results are set out on pages 13 and 14.
These results are discussed in the Chairman's Statement on page 4.

Policies in force

The policies in force at the balance sheet date increased to 141,506 (2006: 114,367)

Sabre Insurance Company Limited

Directors' Report (continued)
For the year ended 31 December 2007

Dividends

Interim dividends of £10,600,000 were paid during the year (2006: £9,000,000). A fourth quarter interim dividend of £7,500,000 (37.5 pence per share) has been proposed and paid in February 2008 (2006: £2,400,000). No final dividend has been declared (2006: NIL).

Directors

There were no changes of directorship in the year.
The directors of the Company are listed on page 3.

Creditor payment policy and practice

It is the Company's policy to pay creditors when they fall due for payment. Terms of payment are agreed with suppliers when negotiating each transaction and the policy is to abide by those terms, provided that the suppliers also comply with all relevant terms and conditions.

The amounts due to trade creditors as at 31 December 2007 represented approximately 6 days of average daily purchases through the year (2006: 1 days).

Resolutions

On 16 June 1997, the members of the Company passed resolutions to dispense with the holding of Annual General Meetings and the laying of directors' reports, financial statements and auditors' reports before the members in general meeting.

Auditors

The Company has dispensed with the obligation to appoint auditors annually. Ernst & Young LLP have expressed their willingness to continue in office.

Sabre Insurance Company Limited

Directors' Report (continued)
For the year ended 31 December 2007

Financial Instruments

The financial risk management objectives of the company in relation to financial instruments are set by the board of directors with a view to maintaining low volatility in investment performance. The majority of the financial instruments held by the company are short term UK government bonds which are not considered subject to material credit risk, liquidity risk or cash flow risk. The composition of the investment portfolio by class of investment is designed to minimise price risk. Derivative instruments have not been used in the year and there were no derivatives held by the company at year end.

Other business risks

The risks the company is exposed to, and the related risk control processes, are described in the Chairman's statement.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Sabre Insurance Company Limited

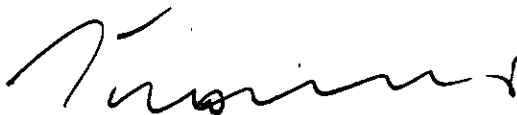
**Directors' Report (continued)
For the year ended 31 December 2007**

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to have made himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board

**K J Morris
Secretary**



Sabre Insurance Company Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SABRE INSURANCE COMPANY LIMITED

We have audited Sabre Insurance Company Limited's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 19. These financial statements have been prepared under 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 auditors' 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 directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments 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.

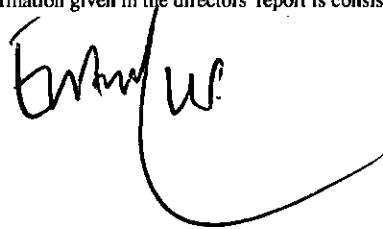
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 December 2007 and of its profit 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.

Ernst & Young LLP
Registered Auditor
London
20 March 2008



Sabre Insurance Company Limited

Statement of Accounting Policies

(a) Basis of accounts

The accounts have been prepared on the basis of accounting policies set out below. They have been prepared in accordance with section 255 of, and Schedule 9A to, the Companies Act 1985 and with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers (the ABI SORP 2006). The accounting policies adopted reflect United Kingdom financial reporting standards and statements of standard accounting practice applicable at 31 December 2007, as considered appropriate for an insurance company.

The results of the business are determined on an annual basis.

(b) Premiums

Premiums are accounted for in the year the risk commences. An adjustment has been made for the overall effect of new business premiums, mid term adjustments and lapses of renewal premiums not processed in the year of risk inception. All premiums are shown gross of commission payable to intermediaries and are exclusive of taxes, duties and levies thereon. Outwards reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or indirect reinsurance business being reinsured.

(c) Claims

Claims incurred include all losses occurring through the year, whether reported or not, related handling costs and any adjustments to claims outstanding from previous years. Significant delays are experienced in the notification and settlement of certain claims, particularly in respect of liability business, the ultimate cost of which cannot be known with certainty at the balance sheet date.

(d) Technical provisions

(i) Unearned premiums are those proportions of the premiums written in a year that relate to the periods of risk subsequent to the balance sheet date. They are computed principally on a daily pro-rata basis.

(ii) The provision of claims outstanding includes individual case estimates, an IBNR provision and a provision for related claims handling costs. When claims are initially reported, case estimates are set at fixed levels based on previous average claims settlements. As soon as sufficient information becomes available, the case estimate is amended by a claim handler within the Claims Department to reflect the expected ultimate settlement cost of the claim, including external claims handling costs. The case estimate will be amended throughout the life of a claim as further information emerges. Case estimates generally do not allow for possible reductions in our liability due to contributory negligence, favourable court judgements or settlements until these are known to a high probability.

The IBNR provision includes the estimated cost of claims incurred, but not reported, at the balance sheet date ("pure IBNR") and any difference between the case estimates and the estimated ultimate cost of reported claims ("IBNER"). The IBNR is set after considering the results of various statistical methods based on, inter alia, historical claims development trends, average claims costs and expected inflation rates. The provision for claims handling costs is estimated based on the number of outstanding claims at the balance sheet date and the estimated average internal cost of settling claims.

Sabre Insurance Company Limited

Statement of Accounting Policies (continued)

The provision of claims outstanding is based on information available at the balance sheet date. Significant delays are experienced in the notification and settlement of certain claims, accordingly the ultimate cost of such claims cannot be known with certainty at the balance sheet date. Subsequent information and events may result in the ultimate liability being less than, or greater than, the amount provided. Any differences between provisions and subsequent settlements are dealt with in the technical account - general business of later years.

- (iii) Provision is made for unexpired risks when, after taking account of an element of attributable investment income, it is anticipated that the unearned premiums will be insufficient to cover future claims and expenses on existing contracts. The expected claims are calculated having regard to events which have occurred prior to the balance sheet date. Unexpired risk surpluses and deficits are offset when business classes are managed together and a provision is made if an aggregate deficit arises.

(e) Deferred acquisition costs

Deferred acquisition costs represent a proportion of commission and other acquisition costs that relate to policies that are in force at the year end. Deferred acquisition costs are amortised over the period in which the related premiums are earned.

(f) Investment income, realised and unrealised investment gains and losses

Investment income consists of interest receivable for the year. Income is credited to the profit and loss account at the amounts receivable, with no associated tax credit for income from the United Kingdom. Interest receivable is accounted for on an accruals basis.

Net realised gains / losses on investments are calculated as the difference between net sales proceeds and the cost of acquisition.

Unrealised gains and losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year. Net movements in the year are taken to the profit and loss account and disclosed as unrealised gains / (losses) on investments.

(g) Investment expenses and charges

Investment expenses and charges consist of the expenses relating to the management of the investment portfolio.

(h) Taxation

The taxation charge in the Non Technical Account is based on the taxable profits for the year. It is group policy to relieve profits where possible by the surrender of losses from group companies with payment for value.

Sabre Insurance Company Limited

Statement of Accounting Policies (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(i) Valuation of investments

Investments are shown in the balance sheet as follows:

- (i) Listed securities and equities at mid market price at the balance sheet date less accrued interest where applicable.
- (ii) Investment properties at open market value, valued by qualified external surveyors.

(j) Tangible Assets

Expenditure on computer equipment and fixtures and fittings is capitalised and depreciated over 5 years, the estimated useful economic lives of the assets on a straight line basis. Depreciation is charged to the technical accounts and is included in administrative expenses.

Sabre Insurance Company Limited

Profit and Loss Account: Technical Account For the year ended 31 December 2007

	Note	2007 £'000	£'000	2006 £'000	£'000
Gross premiums written from continuing operations	1	80,752		67,277	
Outward reinsurance premiums		<u>(5,399)</u>		<u>(5,782)</u>	
			75,353		61,495
Change in the gross and net provision for unearned premiums			<u>(6,529)</u>		<u>(8,806)</u>
Earned premiums, net of reinsurance			68,824		52,689
Claims paid					
- Gross amount		(36,540)		(35,462)	
- Reinsurers' share		<u>389</u>		<u>2,856</u>	
		<u>(36,151)</u>		<u>(32,606)</u>	
Change in the provision for claims					
- Gross amount		(4,891)		13,927	
- Reinsurers' share		<u>1,527</u>		<u>(9,189)</u>	
		<u>(3,364)</u>		<u>4,738</u>	
Claims incurred, net of reinsurance	6		(39,515)		(27,868)
Net operating expenses	2		(15,794)		(12,704)
Balance on technical account from continuing operations			13,515		12,117

The notes on pages 17 to 24 form an integral part of these accounts.

Sabre Insurance Company Limited

Profit and Loss Account: Non-technical Account For the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Balance on technical account from continuing operations		13,515	12,117
Investment income	3	8,261	9,046
Unrealised gains/(losses) on investments	3	1,144	(1,469)
Realised gains/(losses) on investments	3	(1,353)	(32)
Investment expenses and charges	3	<u>(10)</u>	<u>(10)</u>
		8,042	7,535
Profit on ordinary activities before taxation	5	21,557	19,652
Taxation charge on profit on ordinary activities	7	(6,391)	(6,246)
Profit on ordinary activities after taxation		<u>15,166</u>	<u>13,406</u>

The notes on pages 17 to 24 form an integral part of these accounts.

Statement of Total Recognised Gains and Losses for the year ended 31 December 2007

All recognised gains and losses are dealt with in the profit and loss account.

Sabre Insurance Company Limited

Balance Sheet As at 31 December 2007

	Note	2007 £'000	£'000	2006 £'000	£'000
ASSETS					
Investments					
Land and buildings	9	11,275		11,275	
Other financial investments	9	<u>150,924</u>		<u>130,426</u>	
			162,199		141,701
Reinsurers' share of technical provisions					
Claims outstanding			15,930		14,403
Debtors					
Debtors arising out of direct insurance operations - intermediaries		6,303		5,293	
Debtors arising out of outwards reinsurance operations		-		-	
Other debtors		<u>162</u>		<u>224</u>	
			6,465		5,517
Other Assets					
Tangible assets	10	345		263	
Cash at bank and in hand		<u>3,417</u>		<u>10,194</u>	
			3,762		10,457
Prepayments and accrued income					
Accrued interest and rent		1,522		1,431	
Deferred acquisition costs		6,195		5,974	
Other prepayments and accrued income		<u>123</u>		<u>89</u>	
			7,840		7,494
Total Assets			<u>196,196</u>		<u>179,572</u>

The notes on pages 17 to 24 form an integral part of these accounts.

Sabre Insurance Company Limited

Balance Sheet (continued)
As at 31 December 2007

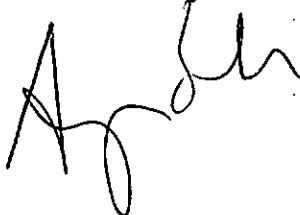
	Note	2007 £'000	£'000	2006 £'000	£'000
LIABILITIES					
Called up share capital	11	20,000		20,000	
Share premium account		114		114	
Profit and loss account	12	<u>19,314</u>		<u>14,748</u>	
Shareholder's Funds	15		39,428		34,862
Technical Provisions					
Provision for unearned premiums		42,770		36,240	
Claims outstanding		<u>98,909</u>		<u>94,018</u>	
			141,679		130,258
Creditors					
Creditors arising out of direct operations		27		32	
Creditors arising out of reinsurance operations	14	9,159		8,463	
Other creditors including taxation and social security	13	<u>2,924</u>		<u>3,036</u>	
			12,110		11,531
Accruals and deferred income			2,979		2,921
Total Liabilities			<u>196,196</u>		<u>179,572</u>

The notes on pages 17 to 24 form an integral part of these accounts.

These financial statements were approved by the Board of directors on 20 March 2008.

Signed on behalf of the Board by:

Director



Sabre Insurance Company Limited

Notes to the Accounts

1) Segmental analysis

a. Analysis of direct insurance by geographical segment.

	2007	2006
	£'000	£'000
Gross premiums written - United Kingdom	<u>80,752</u>	<u>67,277</u>

b. Analysis of gross premiums written, gross premiums earned, gross claims incurred, gross operating expenses and the reinsurance balance by class:-

	2007	2007	2007	2007	2007
	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Re- insurance balance
Motor insurance:	£,000	£,000	£,000	£,000	£,000
Third Party Liability	3,808	2,726	1,049	580	88
Other	76,944	71,497	40,382	15,214	3,395
	<u>80,752</u>	<u>74,223</u>	<u>41,431</u>	<u>15,794</u>	<u>3,483</u>

	2006	2006	2006	2006	2006
	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Re- insurance balance
Motor insurance:	£,000	£,000	£,000	£,000	£,000
Third Party Liability	2,511	2,105	612	457	344
Other	64,766	56,367	20,922	12,247	11,770
	<u>67,277</u>	<u>58,472</u>	<u>21,534</u>	<u>12,704</u>	<u>12,114</u>

2) Net operating expenses

	2007	2006
Technical account	£,000	£,000
Gross written commission	10,041	8,344
Other acquisition costs	3,544	3,377
Change in deferred acquisition costs	(221)	(1,034)
Administrative expenses	2,430	2,017
	<u>15,794</u>	<u>12,704</u>

Sabre Insurance Company Limited

Notes to the Accounts (continued)

3) Investment return

	2007	2006
	£,000	£,000
Investment income		
Income from other investments	8,261	9,046
Unrealised gains/(losses) on investments	1,144	(1,469)
	<u>9,405</u>	<u>7,577</u>
Investment expenses and charges		
Gain/(loss) on the realisation of investments	(1,353)	(32)
Investment management expenses & interest	(10)	(10)
	<u>(1,363)</u>	<u>(42)</u>
Total investment return	<u>8,042</u>	<u>7,535</u>

4) Staff costs & Directors' emoluments

	2007	2006
	£,000	£,000
Wages & salaries	3,062	2,882
Social Security costs	383	359
Other pension costs	268	261
	<u>3,713</u>	<u>3,502</u>

For staff who were employees on 8 February 2002, the Company operates a non-contributory defined contribution group personal pension scheme. The contribution by the Company depends on the age of the employee.

For employees joining since 8 February 2002, the Company operates a matched contribution group personal pension scheme where the Company contributes an amount matching the contribution made by the staff member.

The average number of employees including executive directors during the year was as follows:

	2007	2006
Management	11	12
Underwriting	37	36
Claims	53	48
Administration	10	11
	<u>111</u>	<u>107</u>

Sabre Insurance Company Limited

Notes to the Accounts (continued)

4) Staff costs & Directors' emoluments (continued)

The aggregate amount of emoluments paid to or receivable by directors during the year was as follows:

	2007 £,000	2006 £,000
Fees	50	50
Emoluments	853	808
Contributions to defined contribution pension scheme	39	38
	<u>942</u>	<u>896</u>
 Highest paid director:		
Emoluments	225	202
Contributions to defined contribution pension scheme	19	18
	<u>244</u>	<u>220</u>

5) Profit on ordinary activities before taxation

	2007 £,000	2006 £,000
Profit on ordinary activities before tax is stated after:		
Depreciation charge for the year	123	126
Auditors' remuneration for audit services	65	54

There were no fees relating to non-audit services paid to the auditor during the year (2006 - £nil).

6) Claims Incurred, Net of Reinsurance

	2007 £,000	2006 £,000
Claims paid net of reinsurance	36,151	32,606
Change in outstanding claims reserve		
Gross Amount		
Opening provision	(94,018)	(107,945)
Closing provision	98,909	94,018
Movement in provision	<u>4,891</u>	<u>(13,927)</u>
Reinsurance		
Opening provision	14,403	23,592
Closing provision	(15,930)	(14,403)
Movement in provision	<u>(1,527)</u>	<u>9,189</u>
Net claims incurred	<u>39,515</u>	<u>27,868</u>

The claims incurred figure is reduced by £13,100,000 (2006: £14,721,000) due to the favourable difference between the loss provision made at the beginning of the year for outstanding claims incurred in previous years and the loss provision shown at the end of the year in respect of such outstanding claims, less payments made during the year.

Sabre Insurance Company Limited

Notes to the Accounts (continued)

7) Taxation

(a) The tax charged for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2007 £,000	2006 £,000
Profit on ordinary activities before taxation	21,557	19,652
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2006:30%)	6,467	5,896
Effects of:		
Expenses not deductible for corporation tax purposes	2	8
Depreciation for period in excess of capital allowances	(17)	(16)
S107 technical reserve adjustments	-	451
Income not taxable	(73)	(115)
Timing differences	-	(6)
Current year U.K. corporation tax	<u>6,379</u>	<u>6,218</u>
Adjustment in respect of previous period	(4)	7
Current tax charge for the period (Note 7(b))	<u>6,375</u>	<u>6,225</u>
Note 7(b)	2007 £,000	2006 £,000
Current tax:		
UK corporation tax at 30% (2006: 30%)	6,379	6,218
Adjustments in respect of previous periods	(4)	7
	<u>6,375</u>	<u>6,225</u>
Deferred tax:		
Accelerated capital allowances	16	15
Other timing differences	-	6
Total deferred tax (Note 7(d))	<u>16</u>	<u>21</u>
Tax on profit on ordinary activities	<u>6,391</u>	<u>6,246</u>

Note 7(c) Factors that may affect future tax charges

There are no items the Company is aware of which will have a material impact on the future tax charge.

Note 7(d) Provision for deferred tax

The provided tax liability is made up as follows:

	2007 £,000	2006 £,000
Accelerated capital allowances	232	216
Other deferred tax assets	(30)	(30)
	<u>202</u>	<u>186</u>

Sabre Insurance Company Limited

Notes to the Accounts (continued)

8) Dividends

Interim dividends of £10,600,000 (53.0 pence per share) were declared and paid in the year (2006: £9,000,000).

A fourth quarter interim dividend of £7,500,000 (37.5 pence per share) has been proposed and paid in February 2008 (2006: £2,400,000). No final dividend has been declared (2006: NIL).

9) Investments

	Note	Current Value		Historical Cost	
		2007 £,000	2006 £,000	2007 £,000	2006 £,000
Land and buildings					
Properties occupied by the company		2,525	2,525	1,950	1,950
Other investment properties		8,750	8,750	4,500	4,500
Total land and buildings		11,275	11,275	6,450	6,450
Other financial investments					
Shares and other variable yield securities and units in unit trusts:					
- Listed		6,285	6,375	6,935	5,049
		6,285	6,375	6,935	5,049
Debt securities and other fixed income securities:					
UK Government gilts, less than one year to maturity		35,925	53,687	36,056	55,338
UK Government gilts, one to five years to maturity		108,714	70,364	104,474	70,724
		144,639	124,051	140,530	126,062
Total investments		162,199	141,701	153,915	137,561

The investment properties were valued at open market value on 25 November 2005 by Hughes Ellard Limited. All properties owned by the company are freehold.

Sabre Insurance Company Limited

Notes to the Accounts (continued)

10) Tangible assets

	Fixtures & fittings £,000	Motor vehicles £,000	Computer equipment £,000	Total £,000
Cost				
At 1 January 2007	355	-	551	906
Additions	50	-	155	205
At 31 December 2007	<u>405</u>	<u>-</u>	<u>706</u>	<u>1,111</u>
Depreciation				
At 1 January 2007	258	-	385	643
Charge	47	-	76	123
At 31 December 2007	<u>305</u>	<u>-</u>	<u>461</u>	<u>766</u>
Net book value				
At 31 December 2007	<u>100</u>	<u>-</u>	<u>245</u>	<u>345</u>
At 31 December 2006	97	-	166	263

11) Share capital

	2007 £,000	2006 £,000
Authorised:		
20,000,000 (2006: 20,000,000) ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Allotted, issued and fully paid:		
20,000,000 (2006: 20,000,000) ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

12) Reserves

	Share Premium account £,000	Profit & loss account £,000	Total £,000
At 1 January 2007	114	14,748	14,862
Transfer from profit and loss account:			
Non-technical account	-	15,166	15,166
Dividends paid	-	(10,600)	(10,600)
At 31 December 2007	<u>114</u>	<u>19,314</u>	<u>19,428</u>

Sabre Insurance Company Limited

Notes to the Accounts (continued)

13) Other creditors including taxation and social security

	2007	2006
	£,000	£,000
Payable to parent company	15	1,028
Corporation tax	1,719	928
Deferred corporation tax provision	202	186
Other taxes	938	875
Other sundry creditors	50	19
	<u>2,924</u>	<u>3,036</u>

14) Reinsurance

During 2001, the Company effected an unlimited aggregate excess of loss reinsurance policy with Norwich Union Insurance Limited, the effect of which is to limit the Company's exposure to any possible deterioration in reserves for claims occurring in 2001 and prior years. The reinsurance policy also protects the Company against any reinsurance bad debts in respect of these claims.

If the development of the 2001 and prior years is favourable and the aggregate losses fall below the attachment point of the reinsurance contract, there is an obligation in respect of this contract to pay an additional reinsurance premium to Norwich Union Insurance Limited.

Due to favourable development of claims on these years, an additional reinsurance premium of £9,099,982 (2006: £8,445,823) has been accrued (included in "creditors arising out of reinsurance operations"). This premium is not due to be paid until all claims in respect of 2001 and prior years are finally settled.

15) Reconciliation of movements in shareholder's funds

	2007	2006
	£,000	£,000
Net addition to shareholder's funds		
-Retained profit for the year	4,566	4,406
Opening shareholder's funds	<u>34,862</u>	<u>30,456</u>
Closing shareholder's funds	<u>39,428</u>	<u>34,862</u>

16) Cash flow statement

As the Company was wholly owned within Binomial Group Limited at 31 December 2007, the cash flows of the Company are included in the consolidated cash flow statement of Binomial Group Limited. Consequently the Company is exempt under the terms of Financial Reporting Standard 1 (Revised 1996) from publishing a cash flow statement.

Sabre Insurance Company Limited

Notes to the Accounts (continued)

17) Related party transactions

During 2002, an interest-free loan of £5,000 for the purchase of a vehicle was granted by the Company to P Swords on the same terms and conditions as were applicable to all eligible members of staff. As at 31 December 2007, £5,000 was outstanding and is included in 'Other debtors' (note 9). The maximum amount outstanding during the year was £5,000 (2006 - £5,000).

18) Post balance sheet events

In accordance with FRS21, these financial statements do not reflect the fourth quarter interim dividend of £7,500,000 paid in February 2008, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the period ended 31 December 2008.

Binomial Group has applied this dividend in 2008 to repay in full the £7,500,000 group term loan.

19) Ultimate parent undertaking

The immediate and ultimate parent undertaking is Binomial Group Limited, registered address 150 South Street Dorking Surrey RH4 2YY.