

**BSSA INSURANCE BROKERS LIMITED**

**FINANCIAL STATEMENTS**

**31ST DECEMBER, 1998**

**Company number : 1491710**



**REPORT OF THE DIRECTORS**

The directors present their report and financial statements for the year ended 31st December, 1998.

**Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year 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 :

- (1) select suitable accounting policies and then apply them consistently;
- (2) make judgments and estimates that are reasonable and prudent;
- (3) state whether applicable accounting standards have been followed; and
- (4) 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Activities**

The company provides insurance services to members of British Shops and Stores Association Limited.

**Review of the business**

Competitive pressures in the insurance market continued through 1998 giving further reductions in premium levels and, as a consequence, lower commission earnings. In these difficult conditions operating expenses remain under close control, although it has been necessary to ensure the retention of appropriate staff in order to provide the best possible service to BSSA members. As a result of these factors profits were down as compared with the previous year.

**Year 2000**

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the year 2000. This risk relates not only to the company's computer systems, but also to some degree to those of the company's suppliers.

The company is well advanced in reviewing and checking its hardware and software and, where applicable, relevant assurances have been obtained that these are year 2000 compliant. The issue is complex and no business can guarantee that there will be no year 2000 problems. However, the directors believe that all reasonable steps have been taken to address the issue.

**Results for the year**

The results for the year and their effect on reserves are set out in the profit and loss account on page 4 and note 10 to the financial statements.

The directors recommend the payment of a dividend of £58,000 (year ended 31st December, 1997 : £80,000).

**REPORT OF THE DIRECTORS (CONTINUED)**

**Directors**

The following directors served during the year :

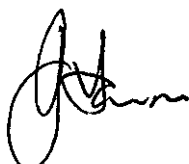
AL Sayers  
G Anderson  
ME Pope

No director has had any interest in the shares of the company or any company in the British Shops and Stores Association Limited group at any time during the year.

**Auditors**

Grant Thornton have expressed their willingness to continue in office as auditors. A resolution proposing their reappointment as auditors and giving authority to the directors to fix their remuneration will be submitted to the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'JT Astill', written in a cursive style.

JT Astill  
Secretary

23rd June, 1999

**AUDITORS' REPORT**

**to the members of BSSA Insurance Brokers Limited**

We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with 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 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 of the state of the company's affairs as at 31st December, 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.

*Grant Thornton*

Grant Thornton  
Chartered Accountants and Registered Auditors

Enterprise House,  
115 Edmund Street,  
Birmingham, B3 2HJ

23 June, 1999

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1998

	Notes	£	£	Year ended 31.12.97 £
INCOME	1(c)		201,515	220,397
OPERATING EXPENSES				
Staff costs	2	92,718		78,778
Depreciation of fixed assets		8,757		8,493
Auditors remuneration		2,200		2,100
Other operating charges		28,912		30,572
			132,587	119,943
OPERATING PROFIT			68,928	100,454
BANK INTEREST RECEIVABLE			3,833	3,037
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			72,761	103,491
TAX ON PROFIT ON ORDINARY ACTIVITIES	4		(13,567)	(22,638)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			59,194	80,853
PROPOSED DIVIDEND			(58,000)	(80,000)
TRANSFER TO RESERVES	10		1,194	853

Income and operating profit derive from continuing operations.

#### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31ST DECEMBER, 1998

There were no recognised gains or losses in the period other than those reflected in the profit and loss account.

## BALANCE SHEET AS AT 31ST DECEMBER, 1998

	Notes	£	£	As at 31.12.97 £
TANGIBLE FIXED ASSETS	5		25,250	22,289
CURRENT ASSETS				
Debtors	6	34,806		73,888
Cash at bank		134,835		65,883
		<u>169,641</u>		<u>139,771</u>
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	7	(146,076)		(114,439)
NET CURRENT ASSETS			23,565	25,332
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>48,815</u>	<u>47,621</u>
CAPITAL AND RESERVES :				
CALLED UP SHARE CAPITAL	9		1,000	1,000
PROFIT AND LOSS ACCOUNT	10		47,815	46,621
EQUITY SHAREHOLDERS' FUNDS	11		<u>48,815</u>	<u>47,621</u>

Approved by the board on 23rd June, 1999

  
 .....  
 AL Sayers, Director

## NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 1998

## 1. ACCOUNTING POLICIES

## (a) Historical cost accounting

The accounts are prepared under the historical cost accounting convention and in accordance with applicable accounting standards.

## (b) Insurance broking assets and liabilities

The company acts as an agent in broking the insurable risks of its clients and, generally, is not liable as a principal for premiums due to insurance companies nor for claims payable to clients. Notwithstanding the company's legal relationship with clients and insurance companies, it has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the company itself.

## (c) Income

Income represents insurance commissions, which are credited to profit on receipt of the relevant premiums.

## (d) Depreciation of fixed assets

Depreciation is provided on a straight line basis over the expected life of the assets which is estimated to be five years.

## (e) Pension costs

Retirement benefits for employees are funded by contributions from the company and members. Funding payments made are in accordance with periodic calculations by independent actuaries and are charged against profits of the company in line with Statement of Standard Accounting Practice No 24.

## (f) Deferred taxation

Deferred taxation is provided on the liability method in respect of all originating timing differences except to the extent that a liability is not expected to crystallise in the foreseeable future.

## 2. EMPLOYEES

The average number of persons (including directors) employed by the company during the year was 5 (year ended 31st December, 1997 : 5).

Their total remuneration was :

	Year ended 31.12.98 £	Year ended 31.12.97 £
Salaries	82,422	71,048
Social security costs	7,471	6,390
Other pension costs	2,825	1,340
	<hr/> 92,718 <hr/>	<hr/> 78,778 <hr/>

## NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 1998 (CONTINUED)

## 3. DIRECTORS' EMOLUMENTS

Directors' remuneration  
Pension contributions

Year ended 31.12.98 £	Year ended 31.12.97 £
54,461	49,717
2,825	1,340
<u>57,286</u>	<u>51,057</u>

During the year 1 director (1997 : 1 director) participated in the company's defined benefit pension scheme.

## 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

Corporation tax at 21% (1997 : 21.75%) on the profit for the year  
Group relief  
Prior year adjustments

£	£
-	(8,553)
(14,910)	(14,085)
1,343	-
<u>(13,567)</u>	<u>(22,638)</u>

## 5. TANGIBLE FIXED ASSETS

	Office equipment £	Motor vehicles £	Total £
Cost :			
At 31st December, 1997	18,403	26,686	45,089
Additions	1,407	13,245	14,652
Disposals	-	(11,000)	(11,000)
At 31st December, 1998	<u>19,810</u>	<u>28,931</u>	<u>48,741</u>
Depreciation :			
At 31st December, 1997	11,335	11,465	22,800
Disposals	-	(8,066)	(8,066)
Charge for year	2,971	5,786	8,757
At 31st December, 1998	<u>14,306</u>	<u>9,185</u>	<u>23,491</u>
Net book value at 31st December, 1998	<u>5,504</u>	<u>19,746</u>	<u>25,250</u>
Net book value at 31st December, 1997	<u>7,068</u>	<u>15,221</u>	<u>22,289</u>



## NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 1998 (CONTINUED)

## 6. DEBTORS

	31.12.98	31.12.97
	£	£
Trade debtors	28,236	28,575
Amount due from parent undertaking	-	38,405
Prepayments and accrued income	6,570	6,908
	<u>34,806</u>	<u>73,888</u>

## 7. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.98	31.12.97
	£	£
Trade creditors	31,778	17,442
Amount due to parent undertaking	47,385	-
Corporation tax	-	8,553
Other taxation and social security costs	2,148	1,810
Proposed dividend	58,000	80,000
Other creditors	2,000	2,000
Accruals	4,765	4,634
	<u>146,076</u>	<u>114,439</u>

## 8. DEFERRED TAXATION

There was no potential liability for deferred taxation at 31st December, 1998 (31st December, 1997 : Nil).

## 9. CALLED UP SHARE CAPITAL

	31.12.98	31.12.97
	£	£
Authorised, allotted and fully paid - 1000 shares of £1 each	<u>1,000</u>	<u>1,000</u>

## 10. PROFIT AND LOSS ACCOUNT

	31.12.98	31.12.97
	£	£
At 31st December, 1997	46,621	45,768
Retained profit for the year	1,194	853
	<u>47,815</u>	<u>46,621</u>

## NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 1998 (CONTINUED)

## 11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.98	31.12.97
	£	£
Profit for the year	59,194	80,853
Dividends	(58,000)	(80,000)
Net addition to shareholders' funds	1,194	853
Opening shareholders' funds	47,621	46,768
Closing shareholders' funds	48,815	47,621

## 12. PENSION COMMITMENTS

## (a) Defined benefits scheme

British Shops and Stores Association Limited operates a pension scheme providing benefits based on final pensionable salary and open to employees of the group. The assets of the scheme are held separately from those of the group, being invested in professionally managed pension funds.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent available valuation was as at 1st January, 1997. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return investment and the rate of increase in salaries and pensions. The assumptions used for the valuation are as recommended in the Government's Actuary Basis used for Finance Act, 1986 purposes.

At the date of the 1997 actuarial valuation, the market value of the assets of the scheme was £1,551,000 and the actuarial value of the assets was sufficient to cover 126% of the benefits that had accrued to members after allowing for expected future increases in earnings. As a result of the actuarial valuation, and in accordance with the recommendations of the scheme's actuary, the funding rate has been increased from 10% to 15% from 1998.

The pension charge for the year was £2,825 (year ended 31st December, 1997 : £1,340). This amount has been reduced to reflect the amortisation of the pension scheme valuation surplus which is being recognised over 15 years, the average remaining service lives of employees.

## (b) Defined contributions scheme

British Shops and Stores Association Limited has set up a group personal pension plan for the benefit of employees of the group, as from 1st January, 1999.

## 13. CAPITAL COMMITMENTS

At 31st December, 1998 the company was not committed to any capital expenditure (31st December, 1997 : Nil).

## 14. PARENT UNDERTAKING

At 31st December, 1998 the company's parent undertaking was British Shops and Stores Association Limited, a company registered in England and Wales. A copy of this company's financial statements can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.