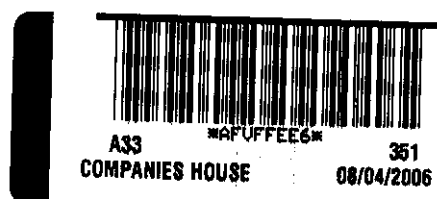


**BSSA INSURANCE BROKERS LIMITED**

**FINANCIAL STATEMENTS**

**31ST DECEMBER, 2005**



**Company number : 1491710**

**REPORT OF THE DIRECTORS**

The directors present their report and financial statements for the year ended 31st December, 2005.

**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 judgements 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 general insurance broking services.

**Review of the business**

More difficult trading conditions in 2005 resulted in a reduction in business levels and commission earnings, with a consequent adverse effect on profits.

**Financial risk management objectives and policies**

The company's principal financial instruments comprise cash, trade debtors and trade creditors. The main risk relating to the company's financial instruments is credit risk and this is managed by credit control procedures which ensure that the company has no significant exposure to bad debts.

**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 3 and note 10 to the financial statements.

The directors recommend the payment of a dividend of £80,000 (year ended 31st December, 2004 : £110,000). In accordance with FRS 21 "Events after the balance sheet date", dividends are recognised in the accounts in the year in which they are declared and paid.

**Directors**

The following directors served during the year :

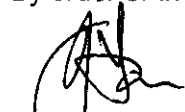
JGW Dean  
G Anderson

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 UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act, 1985. 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



JT Astill  
Secretary

29th March, 2006

**REPORT OF THE INDEPENDENT AUDITORS****to the members of BSSA Insurance Brokers Limited**

We have audited the financial statements of BSSA Insurance Brokers Limited for the year ended 31st December, 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and notes 1 to 15. 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 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 directors and auditors**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with 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 if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of 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.

**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 31st December, 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act, 1985.



Grant Thornton UK LLP  
Registered Auditors  
Chartered Accountants  
Birmingham

29th March, 2006

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2005

	Notes	£	£	Year ended 31.12.04 (as restated) £
INCOME	1(d)		333,466	360,953
OPERATING EXPENSES				
Staff costs	2	148,149		139,682
Depreciation of fixed assets		3,860		4,278
Auditors remuneration		2,800		2,800
Operating lease rentals		11,910		10,950
Other operating charges		48,888		46,297
			215,607	204,007
OPERATING PROFIT			117,859	156,946
BANK INTEREST RECEIVABLE			3,457	3,245
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			121,316	160,191
TAX ON PROFIT ON ORDINARY ACTIVITIES	4		(25,633)	(28,592)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION, TRANSFERRED TO RESERVES	10		95,683	131,599
			=====	=====

Income and operating profit derive from continuing operations.

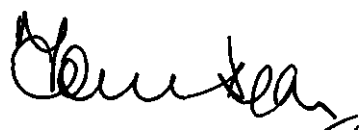
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31ST DECEMBER, 2005**

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

## BALANCE SHEET AS AT 31ST DECEMBER, 2005

	Notes	£	£	As at 31.12.04 (as restated) £
TANGIBLE FIXED ASSETS	5		5,102	8,962
CURRENT ASSETS				
Debtors	6	102,929		53,517
Cash at bank		269,545		393,477
		<u>372,474</u>		<u>446,994</u>
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	7	(114,351)		(178,414)
NET CURRENT ASSETS			258,123	268,580
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>263,225</u>	<u>277,542</u>
CAPITAL AND RESERVES :				
CALLED UP SHARE CAPITAL	9		1,000	1,000
PROFIT AND LOSS ACCOUNT	10		262,225	276,542
EQUITY SHAREHOLDERS' FUNDS	11		<u>263,225</u>	<u>277,542</u>

Approved by the board on 29th March, 2006



JGW Dean, Director

## NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2005

## 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) Changes in accounting policies

In preparing the financial statements for the current year the company has adopted the following Financial Reporting Standards :

## FRS 21 "Events after the balance sheet date"

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

The change in accounting policy has resulted in a prior year adjustment for the year ended 31st December, 2004, being a net increase in retained profit and shareholders' funds of £110,000 resulting from the de-recognition of the liability for that year's proposed equity dividend which was declared in 2005. The balance sheet at 31st December, 2004 has been restated accordingly. The profit and loss account reserve movement for the year ended 31st December, 2004 has been adjusted to eliminate the proposed dividend of £110,000 and to include the previous year's proposed dividend of £70,000. The opening profit and loss account reserve balance as at 1st January, 2004 has been adjusted to reflect the de-recognition of the liability for the previous year's proposed dividend of £70,000. The dividend of £110,000 proposed at 31st December, 2004, declared in 2005, is shown as a profit and loss account reserve movement in the year ended 31st December, 2005.

## FRS 25 "Financial instruments: disclosure and presentation"

The new accounting policy for financial instruments is set out in note 1(i) below. The change in accounting policy does not have any impact on the financial statements for the years ended 31st December, 2005 and 31st December, 2004.

## (c) 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.

## (d) Income

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

## (e) Depreciation of fixed assets

Depreciation is provided to write off fixed assets in equal instalments over their anticipated useful lives which is estimated to be three to five years.

## (f) Operating leases

Operating lease payments are charged to the profit and loss account on a straight line basis over the lease term.

## (g) Pension costs

## (i) Defined benefits scheme

Retirement benefits for employees are funded by contributions from the company and members. Funding payments made are in accordance with periodic calculations by an independent actuary. The charge against profits represents the company's contributions on this basis in respect of the accounting period.

## (ii) Defined contributions scheme

The pension costs charged against profits represent the contributions payable to the scheme in respect of the accounting period.

## NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2005 (CONTINUED)

## 1. ACCOUNTING POLICIES (continued)

## (h) Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events which give the company an obligation to pay more tax, or a right to pay less tax, in the future have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax which have been enacted, or substantially enacted, by the balance sheet date.

## (i) Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated on a straight line basis.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## 2. EMPLOYEES

The average number of persons (including directors) employed by the company during the year was 5 (year ended 31st December, 2004 : 5).

Their total remuneration was :

	Year ended 31.12.05 £	Year ended 31.12.04 £
Salaries	116,417	109,728
Social security costs	11,527	10,830
Other pension costs	20,205	19,124
	148,149	139,682
	=====	=====

## 3. DIRECTORS' EMOLUMENTS

	Year ended 31.12.05 £	Year ended 31.12.04 £
Directors' remuneration	45,257	44,757
Pension contributions	12,400	11,935
	57,657	56,692
	=====	=====

During the year one director (2004 : one director) participated in the company's defined benefits pension scheme.

## NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2005 (CONTINUED)

## 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

Group relief payable  
Tax payable  
Prior year adjustment

Year ended 31.12.05 £	Year ended 31.12.04 £
-	18,378
25,637	10,214
(4)	-
25,633	28,592
=====	=====
121,316	160,191
=====	=====
23,050	30,436
Effects of :	
Expenses not deductible for tax purposes	313
Capital allowances in excess of depreciation	(512)
Effect of higher tax rate	2,786
25,637	28,592
=====	=====

The tax charge is explained in the following reconciliation :-

Profit on ordinary activities before taxation

Profit on ordinary activities at UK corporation tax rate of 19%

Effects of :

Expenses not deductible for tax purposes  
Capital allowances in excess of depreciation  
Effect of higher tax rate

## 5. TANGIBLE FIXED ASSETS

Cost :

At 31st December, 2004

Disposals

At 31st December, 2005

Depreciation :

At 31st December, 2004

Disposals

Charge for year

At 31st December, 2005

Net book value at 31st December, 2005

Net book value at 31st December, 2004

Office equipment £
40,918
(821)
40,097
=====
31,956
(821)
3,860
34,995
=====
5,102
=====
8,962
=====

## 6. DEBTORS

Trade debtors  
Amount due from parent undertaking  
Prepayments and accrued income

31.12.05 £	31.12.04 £
53,674	43,369
35,458	-
13,797	10,148
102,929	53,517
=====	=====



## NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2005 (CONTINUED)

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

	31.12.05	31.12.04
	£	£
Trade creditors	76,839	88,669
Amount due to parent undertaking	-	67,384
Corporation tax	25,637	10,214
Other taxation and social security costs	3,418	3,120
Other creditors	2,000	2,000
Accruals	6,457	7,027
	<u>114,351</u>	<u>178,414</u>
	=====	=====

## 8. DEFERRED TAXATION

There was no potential liability for deferred taxation at 31st December, 2005 (31st December, 2004 : Nil).

## 9. CALLED UP SHARE CAPITAL

	31.12.05	31.12.04
	£	£
Authorised, allotted and fully paid - 1000 shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
	=====	=====

## 10. PROFIT AND LOSS ACCOUNT

	31.12.05	31.12.04
	£	£
At 31st December, 2004, as previously stated	166,542	144,943
Prior year adjustments - note 1(b)	110,000	70,000
	<u>276,542</u>	<u>214,943</u>
At 31st December, 2004, as restated		
Profit for the year	95,683	131,599
Dividends	(110,000)	(70,000)
	<u>262,225</u>	<u>276,542</u>
	=====	=====
At 31st December, 2005		

## 11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.05	31.12.04
	£	£
Profit for the year	95,683	131,599
Dividends	(110,000)	(70,000)
	<u>(14,317)</u>	<u>61,599</u>
Net (reduction in)/addition to shareholders' funds		
Opening shareholders' funds :		
Originally £167,542 before adding prior year adjustment of £110,000	277,542	-
Originally £145,943 before adding prior year adjustment of £70,000	-	215,943
	<u>263,225</u>	<u>277,542</u>
	=====	=====
Closing shareholders' funds		

## NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2005 (CONTINUED)

## 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 group.

Contributions to the scheme are recommended by the Scheme Actuary on the basis of triennial valuations using the projected accrued benefit method for the valuation of liabilities. The most recent triennial valuation was as at 1st January, 2003. The current Schedule of Contributions for the scheme is dated 1st January, 2004 and current certificates are in place in respect of regulations 14 and 30 of the Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996.

At the date of the 2003 actuarial valuation, the market value of the assets of the scheme was £2,410,000 and the actuarial value of the assets was sufficient to cover 102% 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 22% to 36% from 2004.

The company's pension charge for the year was £17,205 (year ended 31st December, 2004 : £16,399). This amount has been reduced to reflect the amortisation of the pension scheme valuation surplus which is being recognised over the remaining service lives of scheme members, the scheme having been closed to new entrants as from 1st January, 1999.

As the scheme covers all companies within the British Shops and Stores Association Limited group it is not possible for the company to separately identify its share of the scheme's assets and liabilities as required by Financial Reporting Standard 17. At 31st December, 2005 the scheme deficit, calculated in accordance with the standard, was £511,000 (31st December, 2004 : £278,000).

## (b) Defined contributions scheme

Since 1st January, 1999, British Shops and Stores Association Limited has operated a group personal pension plan for the benefit of employees of the group. The company's pension charge for the year was £3,000 (year ended 31st December, 2004 : £2,725).

## 13. CAPITAL COMMITMENTS

At 31st December, 2005 the company was not committed to any capital expenditure (31st December, 2004 : £Nil).

## 14. OPERATING LEASE COMMITMENTS

Annual commitments under other non-cancellable operating leases of equipment were :

Expiring in less than 1 year  
Expiring from 1 to 5 years

31.12.05	31.12.04
£	£
-	6,512
11,933	5,326
<hr/>	<hr/>
11,933	11,838
=====	=====

## 14. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of British Shops and Stores Association Limited, whose accounts are publicly available.

## 15. PARENT UNDERTAKING

The largest and smallest group of undertakings for which group accounts have been drawn up and of which the company is a member is that headed by British Shops and Stores Association Limited. Copies of the group accounts can be obtained from the Registrar of Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.