BSSA INSURANCE BROKERS LIMITED

FINANCIAL STATEMENTS

31ST DECEMBER, 2006

Company number : 1491710

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 31st December, 2006

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

In so far as the directors are aware

(1) there is no relevant audit information of which the company's auditors are unaware, and
(2) the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Activities

The company provides general insurance broking services

Review of the business

Difficult trading conditions continued in 2006 resulting 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 £50,000 (year ended 31st December, 2005 £80,000) 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

28th March, 2007

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, 2006 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and notes 1 to 16 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, 2006 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 Report of the Directors is consistent with the financial statements

Grant Thornton UK LLP

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Birmingham

28th March, 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2006

	Notes	£	£	Year ended 31 12 05 £
INCOME	1(c)		293,453	333,466
OPERATING EXPENSES				
Staff costs	2	144,412		148,149
Depreciation of fixed assets		4,152		3,860
Auditors remuneration		2,900		2,800
Operating lease rentals		11,717		11,910
Other operating charges		50,203		48,888
			213,384	215,607
OPERATING PROFIT			80,069	117,859
BANK INTEREST RECEIVABLE			3,145	3,457
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			83,214	121,316
TAX ON PROFIT ON ORDINARY ACTIVITIES	4		(15,765)	(25,633)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION, TRANSFERRED TO RESERVES	10		67,449	95,683

Income and operating profit derive from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31ST DECEMBER, 2006

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, 2006

	Notes	£	£	As at 31 12 05 £
TANGIBLE FIXED ASSETS	5		3,430	5,102
CURRENT ASSETS				
Debtors	6	48,489		102,929
Cash at bank		388,901		269,545
		437,390		372,474
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	7	(190,146)		(114,351)
NET CURRENT ASSETS			247,244	258,123
TOTAL ASSETS LESS CURRENT LIABILITIES			250,674	263,225
CAPITAL AND RESERVES				
CALLED UP SHARE CAPITAL	9		1,000	1,000
PROFIT AND LOSS ACCOUNT	10		249,674	262,225
EQUITY SHAREHOLDERS' FUNDS	11		250,674	263,225

Approved by the board on 28th March, 2007

JGW Dean, Director

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2006

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

(e) Operating leases

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

(f) 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

(g) 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

(h) 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

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2006 (CONTINUED)

2 EMPLOYEES

The average number of persons (including directors) employed by the company during the year was 5 (year ended 31st December, 2005 5)
Their total remuneration was

	Year ended 31 12 06 £	Year ended 31 12 05 £
Salaries	112,862	116,417
Social security costs	10,660	11,527
Other pension costs	20,890	20,205
	144,412	148,149

3 DIRECTORS' EMOLUMENTS

	Year ended 31 12 06 £	Year ended 31 12 05 £
Directors' remuneration	46,105	45,257
Pension contributions	14,122	12,400
	60,227	57,657

During the year one director (2005 one director) participated in the company's defined benefits pension scheme

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 12 06 £	Year ended 31 12 05 £
Group relief payable	15,765	-
Tax payable	-	25,637
Prior year adjustment	-	(4)
	15,765	25,633
The tax charge is explained in the following reconciliation -		
Profit on ordinary activities before taxation	83,214	121,316
Profit on ordinary activities at UK corporation tax rate of 19%	15,811	23,050
Effects of		
Expenses not deductible for tax purposes	300	313
Capital allowances in excess of depreciation	(346)	(512)
Effect of higher tax rate	-	2,786
Prior year adjustment	-	(4)
	15,765	25,633

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2006 (CONTINUED)

5 TANGIBLE FIXED ASSETS

	Office equipment £
Cost	
At 31st December, 2005	40,097
Additions	2,480
Disposals	(1,766)
At 31st December, 2006	40,811
Depreciation	
At 31st December, 2005	34,995
Disposals	(1,766)
Charge for year	4,152
At 31st December, 2006	37,381
Net book value at 31st December, 2006	3,430
Net book value at 31st December, 2005	5,102

6 DEBTORS

	31 12 06 £	31 12 05 £
Trade debtors	36,249	53,674
Amount due from parent undertaking	-	35,458
Prepayments and accrued income	12,240	13,797
	48,489	102,929

7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 06 £	31 12 05 £
Trade creditors	72,452	76,839
Amount due to parent undertaking	106,312	-
Corporation tax	-	25,637
Other taxation and social security costs	2,717	3,418
Other creditors	2,000	2,000
Accruals	6,665	6,457
	190,146	114,351

8 DEFERRED TAXATION

There was no potential liability for deferred taxation at 31st December, 2006 (31st December, 2005 Nil)

9 CALLED UP SHARE CAPITAL

	31 12 06 £	31 12 05 £
Authorised, allotted and fully paid - 1,000 shares of £1 each	1,000	1,000

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2006 (CONTINUED)

10 PROFIT AND LOSS ACCOUNT

	31 12 06	31 12 05
	£	£
At 31st December, 2005	262,225	276,542
Profit for the year	67,449	95,683
Dividends	(80,000)	(110,000)
At 31st December, 2006	249,674	262,225

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 12 06	31 12 05
	£	£
Profit for the year	67,449	95,683
Dividends	(80,000)	(110,000)
Net reduction in shareholders' funds	(12,551)	(14,317)
Opening shareholders' funds	263,225	277,542
Closing shareholders' funds	250,674	263,225

12 PENSION COMMITMENTS

(a) Defined benefits scheme
British Shops and Stores Association Limited operates a group pension scheme providing benefits based on final pensionable salary 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 recommended by the Scheme Actuary on the basis of triennial valuations The most recent triennial valuation was as at 1st January, 2006 and was the first valuation to be subject to the Statutory Funding Objective scheme-specific funding regime required under the Occupational Pension Schemes (Scheme Funding) Regulations, 2005 Based upon the results of this valuation, the decision was taken to close the scheme to future benefit accrual with effect from 31st December, 2006

At the date of the 2006 triennial valuation the market value of the assets of the scheme was £2,999,000 and its liabilities, calculated on the basis of a scheme-specific funding objective and taking account of the scheme's closure to future benefit accrual with effect from 31st December, 2006, were £3,644,000 The value of the assets was sufficient to cover 82% of the benefits that had accrued to members as at the date of the valuation, the resulting deficit in the scheme assets being £645,000 A recovery plan has been agreed between British Shops and Stores Association Limited and the trustee of the scheme in order to eliminate the deficit over the next four years

The company's pension charge for the year was £19,597 (year ended 31st December, 2005 £17,205)

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, 2006 the scheme deficit, calculated in accordance with the standard, was £448,000 (31st December, 2005 £511,000)

(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 £1,293 (year ended 31st December, 2005 £3,000)

13 CAPITAL COMMITMENTS

At 31st December, 2006 the company was not committed to any capital expenditure (31st December, 2005 £Nil)

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2006 (CONTINUED)

14 OPERATING LEASE COMMITMENTS

Annual commitments under other non-cancellable operating leases of equipment were	31 12 06	31 12 05
	£	£
Expiring from 1 to 5 years	10,624	11,933
	=========	=========

15 ULTIMATE CONTROLLING PARTY

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

16 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