

**BSSA INSURANCE BROKERS LIMITED**

**FINANCIAL STATEMENTS**

**31ST DECEMBER, 2001**

**Company number : 1491710**



**REPORT OF THE DIRECTORS**

The directors present their report and financial statements for the year ended 31st December, 2001.

**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**

Activity levels increased during 2001 and, coupled with the effect of slightly higher premiums, generated additional commission income and profitability.

The achievement of sustained growth remains difficult in changing, and extremely competitive, market conditions.

**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 £60,000 (year ended 31st December, 2000 : £75,000).

**Directors**

The following directors served during the year :

JGW Dean  
G Anderson  
ME Pope (resigned 31st January, 2001)

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.

**REPORT OF THE DIRECTORS (CONTINUED)**

**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 over a faint circular stamp or seal.

JT Astill  
Secretary

21st March, 2002

**AUDITORS' REPORT**

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, 2001 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, and notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

**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 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 United Kingdom auditing standards.

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 transactions with the company is not disclosed.

We read other information contained in 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. Our responsibilities do not extend to any other information.

**Basis of opinion**

We conducted our audit in accordance with United Kingdom 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, 2001 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  
Registered Auditors  
Chartered Accountants  
Birmingham

21st March, 2002

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2001

	Notes	£	£	Year ended 31.12.00 £
INCOME	1(c)		255,199	240,699
OPERATING EXPENSES				
Staff costs	2	103,442		102,684
Depreciation of fixed assets		11,599		12,141
Auditors remuneration		2,400		2,300
Other operating charges		40,819		34,731
			158,260	151,856
OPERATING PROFIT			96,939	88,843
BANK INTEREST RECEIVABLE			2,800	3,152
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			99,739	91,995
TAX ON PROFIT ON ORDINARY ACTIVITIES	4		(17,954)	(16,475)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			81,785	75,520
PROPOSED DIVIDEND			(60,000)	(75,000)
TRANSFER TO RESERVES	10		21,785	520

Income and operating profit derive from continuing operations.

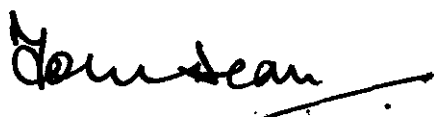
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31ST DECEMBER, 2001**

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, 2001

	Notes	£	£	As at 31.12.00 £
TANGIBLE FIXED ASSETS	5		30,338	32,310
CURRENT ASSETS				
Debtors	6	47,070		46,512
Cash at bank		135,603		141,582
		<u>182,673</u>		<u>188,094</u>
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	7	(140,267)		(169,445)
NET CURRENT ASSETS			42,406	18,649
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>72,744</u> =====	<u>50,959</u> =====
CAPITAL AND RESERVES :				
CALLED UP SHARE CAPITAL	9		1,000	1,000
PROFIT AND LOSS ACCOUNT	10		71,744	49,959
EQUITY SHAREHOLDERS' FUNDS	11		<u>72,744</u> =====	<u>50,959</u> =====

Approved by the board on 21st March, 2002



JGW Dean, Director

## NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2001

## 1. ACCOUNTING POLICIES

## (a) Historical cost accounting

The accounts are prepared under the historical cost accounting convention and in accordance with applicable accounting standards and have remained unchanged from the previous year.

## (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 as follows :-

Office equipment - 5 years

Motor vehicles - 4 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, 2000 : 5).

Their total remuneration was :

Salaries  
Social security costs  
Other pension costs

Year ended 31.12.01 £	Year ended 31.12.00 £
87,866	88,694
7,740	7,646
7,836	6,344
----- 103,442 =====	----- 102,684 =====

## NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2001 (CONTINUED)

## 3. DIRECTORS' EMOLUMENTS

	Year ended 31.12.01 £	Year ended 31.12.00 £
Directors' remuneration	40,567	60,548
Pension contributions	5,790	5,244
	<u>46,357</u>	<u>65,792</u>
	=====	=====

During the year 2 directors (2000 : 2 directors) participated in the company's defined benefit pension scheme.

## 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	£	£
Group relief	(17,954)	(16,475)
	<u>=====</u>	<u>=====</u>

## 5. TANGIBLE FIXED ASSETS

	Office equipment £	Motor vehicles £	Total £
Cost :			
At 31st December, 2000	32,788	29,954	62,742
Additions	2,172	11,455	13,627
Disposals	(725)	(13,245)	(13,970)
	<u>34,235</u>	<u>28,164</u>	<u>62,399</u>
At 31st December, 2001	=====	=====	=====
Depreciation :			
At 31st December, 2000	14,891	15,541	30,432
Disposals	(725)	(9,245)	(9,970)
Charge for year	4,831	6,768	11,599
	<u>18,997</u>	<u>13,064</u>	<u>32,061</u>
At 31st December, 2001	=====	=====	=====
Net book value at 31st December, 2001	15,238	15,100	30,338
	<u>=====</u>	<u>=====</u>	<u>=====</u>
Net book value at 31st December, 2000	17,897	14,413	32,310
	=====	=====	=====



## NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2001 (CONTINUED)

## 6. DEBTORS

	31.12.01	31.12.00
	£	£
Trade debtors	40,977	40,621
Prepayments and accrued income	6,093	5,891
	<u>47,070</u>	<u>46,512</u>
	=====	=====

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

	31.12.01	31.12.00
	£	£
Trade creditors	45,380	31,175
Amount due to parent undertaking	24,526	53,277
Other taxation and social security costs	2,568	2,322
Proposed dividend	60,000	75,000
Other creditors	2,480	2,480
Accruals	5,313	5,191
	<u>140,267</u>	<u>169,445</u>
	=====	=====

## 8. DEFERRED TAXATION

There was no potential liability for deferred taxation at 31st December, 2001 (31st December, 2000 : Nil).

## 9. CALLED UP SHARE CAPITAL

	31.12.01	31.12.00
	£	£
Authorised, allotted and fully paid - 1000 shares of £1 each	1,000	1,000
	=====	=====

## 10. PROFIT AND LOSS ACCOUNT

	31.12.01	31.12.00
	£	£
At 31st December, 2000	49,959	49,439
Retained profit for the year	21,785	520
	<u>71,744</u>	<u>49,959</u>
	=====	=====
At 31st December, 2001		

## 11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.01	31.12.00
	£	£
Profit for the year	81,785	75,520
Dividends	(60,000)	(75,000)
	<u>21,785</u>	<u>520</u>
Net addition to shareholders' funds	21,785	520
Opening shareholders' funds	50,959	50,439
	<u>72,744</u>	<u>50,959</u>
	=====	=====
Closing shareholders' funds		

## NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER, 2001 (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.

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, 2000. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on 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 2000 actuarial valuation, the market value of the assets of the scheme was £2,039,000 and the actuarial value of the assets was sufficient to cover 114% 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 15% to 22% from 2001.

The pension charge for the year was £7,836 (year ended 31st December, 2000 : £6,344). 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, 2001 the scheme surplus, calculated in accordance with the standard, was £58,957.

## (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. No employees have as yet joined the scheme and no contributions have been made.

## 13. CAPITAL COMMITMENTS

At 31st December, 2001 the company was not committed to any capital expenditure (31st December, 2000 : Nil).

## 14. PARENT UNDERTAKING

At 31st December, 2001 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.