



Registration
Number
3467418

BOOTS INSURANCE SERVICES LIMITED

DIRECTORS' REPORT

and

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2006

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Registration
No: 3467418

BOOTS INSURANCE SERVICES LIMITED

Board of Directors

Year ended 31st March 2006

Directors

A R Gray

The Boots Company (Nominees) Limited

Secretary

S Fennell

Registered Office

1 Thane Road West

Nottingham, NG2 3AA

Registration
No: 3467418

BOOTS INSURANCE SERVICES LIMITED

Directors' Report

Year ended 31st March 2006

The directors present their annual report together with the audited financial statements for the year ended 31st March 2006.

Principal activities

The company's principal activity is the provision of health and travel insurance products.

Review of the business

The company continues to trade in Health and Travel Insurance.

Results and dividends

The results for the year are shown in the profit and loss account on page 6. The directors do not recommend payment of a dividend for the year (2005 nil).

Directors

The details of the directors in office on 31st March 2006 are shown on page 1. There have been the following changes to the board of directors during the year and up to the date of signing the financial statements:

<u>Appointments</u>	<u>Date</u>
P Fussey	31st July 2006
A R Gray	1st July 2005
The Boots Company (Nominees) Ltd	19th April 2005
 <u>Resignations</u>	 <u>Date</u>
C R Grimsdell	19th April 2005
A R Gray	18 th October 2006

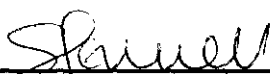
Remuneration of directors and directors' shareholding

Details of the remuneration and shareholdings of the directors are included in notes 11 and 12 on pages 14 and 15.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



S Fennell
Secretary

20 DEC 2006

Date

BOOTS INSURANCE SERVICES LIMITED

Directors' Responsibilities Statement

Year ended 31st March 2006

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 UK Accounting Standards.

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report

Year ended 31st March 2006

Independent Auditors' Report to the members of Boots Insurance Services Limited

We have audited the financial statements of Boots Insurance Services Limited for the year ended 31st March 2006, which comprise the Profit and Loss Account, the Reconciliation of Movements in Shareholder's Funds, the Balance Sheet and the related notes. 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

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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. We also 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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.

Independent Auditors' Report

Year ended 31st March 2006

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st March 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 Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Birmingham

20 December 2006

Date

BOOTS INSURANCE SERVICES LIMITED**Profit and Loss Account**

Year ended 31st March 2006

	Notes	2006 £000	2005 £000
Turnover	1	2,130	2,566
Operating costs	2	(516)	(556)
Operating profit		1,614	2,010
Net interest receivable/(payable)	3	72	(9)
Profit on ordinary activities before taxation		1,686	2,001
Tax on profit on ordinary activities	4	(505)	(597)
Profit on ordinary activities after taxation being profit for the financial year	9	1,181	1,404

The result for the year is wholly attributable to the continuing operations of the company and there have been no recognised gains or losses other than the profit for the year as stated above.

There is no material difference between the profit for the year as stated above and the profit stated on an unmodified historical cost basis.

BOOTS INSURANCE SERVICES LIMITED**Other Primary Statements**

Year ended 31st March 2006

Reconciliation of Movements in Shareholder's Funds	2006 £000	2005 £000
Profit for the year attributable to shareholders	1,181	1,404
Net increase in shareholder's funds	1,181	1,404
Opening shareholder's funds	2,338	934
Closing shareholder's funds	3,519	2,338

BOOTS INSURANCE SERVICES LIMITED

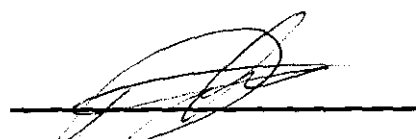
Balance Sheet

At 31st March 2006

	Notes	2006 £000	2005 £000
Fixed assets			
Tangible assets	5	<u>53</u>	<u>65</u>
Current assets			
Debtors falling due within one year	6	<u>3,731</u>	<u>630</u>
Debtors falling due after more than one year	6	<u>17</u>	<u>51</u>
		<u>3,748</u>	<u>681</u>
Cash at bank and in hand		<u>585</u>	<u>3,912</u>
		<u>4,333</u>	<u>4,593</u>
Creditors: Amounts falling due within one year	7	<u>(867)</u>	<u>(2,320)</u>
Net current assets		<u>3,466</u>	<u>2,273</u>
Total assets less current liabilities		<u>3,519</u>	<u>2,338</u>
Net assets		<u>3,519</u>	<u>2,338</u>
Capital and reserves			
Called up share capital	8,9	-	-
Profit and loss account	9	<u>3,519</u>	<u>2,338</u>
Equity shareholder's funds		<u>3,519</u>	<u>2,338</u>

20 DEC 2006

The financial statements were approved by the Board of Directors on
and are signed on its behalf by:


PAUL FUSSEY
Director

BOOTS INSURANCE SERVICES LIMITED

Notes to the Financial Statements

Year ended 31st March 2006

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

In these financial statements the following new standard has been adopted for the first time:

- FRS28 'Corresponding amounts'

FRS28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives hitherto required by the Companies Act 1985.

The recognition and measurement criteria of FRS17 'Retirement benefits' have also been adopted, previously the transitional disclosures of that standard have been followed. There is no impact on these financial statements for FRS17.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that Boots Group plc, the company's ultimate parent undertaking, includes the company's cash flow in its own published consolidated financial statements.

Depreciation

Depreciation of tangible fixed assets is provided to write-off the cost or valuation, less residual value, by equal instalments over their expected economic usefulness as follows:

- Plant, equipment, fixtures and fittings - depreciated over 3 to 20 years according to the estimated life of the asset.

Any impairment in the value of such fixed assets is recognised immediately.

Turnover

Turnover comprises commission on sales of insurance policies. Consideration received from customers is only recorded as turnover when the company has completed full performance in respect of that consideration. Turnover arises wholly from the UK.

Pensions

The company participates in the group wide Boots Pension Scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

BOOTS INSURANCE SERVICES LIMITED

Notes to the Financial Statements

Year ended 31st March 2006

1. Accounting policies (continued)

Pensions (continued)

Since 1st October 2000, new employees have been offered membership of Boots Stakeholder Pension Plan, a defined contribution pension arrangement. After five years' membership of this plan, employees have the opportunity to join Boots Pension Scheme.

Leases

The rental costs of properties and other assets acquired under operating leases are charged directly to the profit and loss account on a straight line basis over the life of the lease. Benefits received as an incentive to sign a lease, whatever form they may take, are credited to the profit and loss account on a straight line basis over the lease term or, if shorter than the full lease term, over the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate.

The cost of assets held under finance leases is included under tangible fixed assets and depreciation is provided in accordance with the policy for the class of asset concerned. The corresponding obligations under these leases are shown as creditors. The finance charge element of rentals is charged to the profit and loss account to produce, or approximate to, a constant periodic rate of charge on the remaining balance of the outstanding obligations.

Deferred taxation

Deferred tax is provided in respect of all timing differences that have originated, but not reversed, by the balance sheet date. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date. This is in accordance with FRS 19. No provision is made for any potential liability to corporation tax on capital gains arising on disposals of assets where any liability is expected to be deferred indefinitely.

2. Operating costs	2006 £000	2005 £000
Selling, distribution and store costs	448	494
Administrative expenses	68	62
Operating costs	516	556

Operating profit shown on page 6 is after charging:

Operating lease rentals:

- Land and buildings - 36

Depreciation of tangible fixed assets

- Owned assets 8 7

- Assets held under finance leases 4 3

The audit fee was borne by a fellow group undertaking.

BOOTS INSURANCE SERVICES LIMITED

Notes to the Financial Statements

Year ended 31st March 2006

3. Net interest receivable/(payable)	2006 £000	2005 £000
Interest receivable and other similar income		
Interest receivable from group undertakings	28	12
Other interest	143	-
	<u>171</u>	<u>12</u>
Interest payable and other similar charges		
Interest payable to group undertakings	(99)	(21)
	<u>72</u>	<u>(9)</u>

4. Tax on profit on ordinary activities	2006 £000	2005 £000
The charge on the profit for the year consists of:		
Current taxation		
UK corporation tax	501	593
Adjustment in respect of prior years	(30)	(4)
Total current tax	<u>471</u>	<u>589</u>
Deferred taxation		
Origination and reversal of timing differences	34	8
	<u>505</u>	<u>597</u>
Tax on profit on ordinary activities		

Reconciliation of current tax charge

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30% (2005 30%). The actual tax charge for the current year and prior year is below the standard rate for the reasons set out in the following reconciliation.

	2006 £000	2005 £000
Profit on ordinary activities before tax	<u>1,686</u>	<u>2,001</u>
UK corporation tax at standard rate of 30%	506	600
Factors affecting charge for the year:		
Changes in accelerated capital allowances	(5)	(8)
Disallowable expenses	-	1
Adjustments in respect of prior years	(30)	(4)
Total current tax charge for the year	<u>471</u>	<u>589</u>

BOOTS INSURANCE SERVICES LIMITED

Notes to the Financial Statements

Year ended 31st March 2006

5. Tangible fixed assets			
	Plant and machinery £000	Fixtures, Fittings, tools and equipment £000	Total £000
Cost			
At 1st April 2005	18	114	132
At 31st March 2006	18	114	132
Depreciation			
At 1st April 2005	1	66	67
Charge for year	4	8	12
At 31st March 2006	5	74	79
Net book value at 31st March 2005	17	48	65
Net book value at 31st March 2006	13	40	53

The cost of plant and machinery includes £18,455 (2005 £18,455) in respect of assets held under finance leases on which accumulated depreciation at the end of the year was £4,734 (2005 £946) and the depreciation charge in the year was £3,788 (2005 £2,717).

6. Debtors	2006 £000	2005 £000
Amounts falling due within one year:		
Trade debtors	389	630
Amounts owed by group undertakings	3,342	-
	3,731	630
Amounts falling due after more than one year:		
Deferred tax (see below)	17	51
	17	51
Total debtors	3,748	681
Analysis of deferred tax asset:		
Capital allowances in excess of depreciation	17	22
Other timing differences	-	29
	17	51

BOOTS INSURANCE SERVICES LIMITED

Notes to the Financial Statements

Year ended 31st March 2006

6. Debtors (continued)	Deferred taxation £000
At 1st April 2005	51
Profit and loss account (note 4)	(34)
At 31st March 2006	17

7. Creditors: Amounts falling due within one year	2006 £000	2005 £000
Amounts due to group undertakings	356	1,852
Corporation tax	265	297
Trade creditors	1	1
Other taxation and social security	80	49
Other creditors	25	23
Accruals and deferred income	140	98
	867	2,320

8. Called up share capital	2006 £	2005 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	2	2

9. Capital and reserves	Called up share capital £000	Profit and Loss Account £000	Total £000
At 1st April 2005	-	2,338	2,338
Profit for the year	-	1,181	1,181
At 31st March 2006	-	3,519	3,519

BOOTS INSURANCE SERVICES LIMITED

Notes to the Financial Statements

Year ended 31st March 2006

10. Staff numbers and costs	2006 Number	2005 Number
The average number of full time equivalents employed by the company during the period was as follows:	<u>6</u>	<u>11</u>
The aggregated payroll cost was as follows:	2006 £000	2005 £000
Wages and salaries	157	246
Social security costs	13	25
Other pension costs	19	30
	<u>189</u>	<u>301</u>

11. Directors' remuneration

No director has received or waived any remuneration for their services to the company during the year (2005 £nil).

12. Directors' shareholdings and share options

The director who held office at the end of the financial year had the following interests in the ordinary shares of Boots Group PLC, according to the register of directors' interests:

<u>Number of Ordinary Shares during the year</u>		
	<u>Interest at start of year or date of appointment¹</u>	<u>Interest at end of year</u>
A R Gray	-*	27,856

* At date of appointment

¹ Comparatives restated on the basis of the consolidation of share capital

Included in the interests disclosed above are shares to which the director has a conditional entitlement under various share schemes operated by the group. Details of such schemes are given in the annual report of Boots Group PLC.

The director who held office at the end of the financial year had no disclosable interest in the shares of the company.

BOOTS INSURANCE SERVICES LIMITED

Notes to the Financial Statements

Year ended 31st March 2006

12. Directors' shareholdings and share options (continued)

According to the register of directors' interests, no rights to subscribe for shares in Boots Group PLC or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

As a potential beneficiary, each director is deemed to have an interest in a total of 8,003,718 ordinary shares of the company held by the following employee trusts, namely, Boots ESOP Trust Limited (established to facilitate the operation of the company's executive bonus schemes), Boots (QUEST) Trustee Limited (established in connection with the company's UK all-employee SAYE Share Option Scheme) and Boots Share Plan Trustee Limited (established in connection with the All Employee Share Ownership Plan).

13. Pensions

The company participates in a funded group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company.

Since 1st October 2000, new employees have been offered membership of Boots Stakeholder Pension Plan, a defined contribution pension arrangement. After five years' membership of this plan, employees have the opportunity to join Boots Pension Scheme.

As the company is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Contributions payable to the pension fund during the year were £19,000 (2005 £30,000).

At 31st March 2006 the scheme had a deficit on an IAS19 basis, which is not materially different to the deficit on an FRS17 basis, of £56.2m before tax. Details of the most recent actuarial valuation, which was on 1st April 2004, and detailed disclosures at 31st March 2006 can be found in the financial statements of Boots Group PLC.

14. Contingent liability

The company has given its bankers the right to set-off credit balances on its current accounts against amounts owed to the bank on current accounts by its parent and fellow UK subsidiaries. At 31st March 2006 the contingent liability was £584,671 (2005 £3,912,000).

BOOTS INSURANCE SERVICES LIMITED

Notes to the Financial Statements

Year ended 31st March 2006

15. Ultimate Holding Company

The company's immediate holding company (which is also the immediate controlling party) is Boots Investments Limited and its ultimate holding company (which is also the ultimate controlling party) is Boots Group PLC, a company incorporated in Great Britain and registered in England and Wales. The results of the company are included in the group financial statements of Boots Group PLC.

Copies of the group financial statements may be obtained from 1 Thane Road West, Nottingham, NG2 3AA.

As a wholly owned subsidiary of Boots Group PLC, the company is exempt from disclosing transactions with other group undertakings and investees of the group qualifying as related parties in the financial statements of the company as permitted by paragraph 3 of Financial Reporting Standard 8.

On 31st July 2006 Boots Group PLC merged with Alliance UniChem plc. On this date the ultimate holding company, Boots Group PLC, changed its name to Alliance Boots plc.