

Bluesure Limited
Annual report
for the year ended 31 December 2006

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"Blasures Limited

Annual report for the year ended 31 December 2006

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Bluesure Limited

Directors and advisers

Directors

S C Gilbert	(resigned 31 July 2007)
J Groenvold	
D B De Stadler	(resigned 26 May 2006)
J A van Tonder	
P Petterson	(resigned 30 April 2006)

Secretary

G R G Stiff

Registered office

55 Bishopsgate
London
EC2N 3BD

Registered auditors

PricewaterhouseCoopers LLP
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

**Directors' report
for the year ended 31 December 2006**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2006.

Principal activities

The principal activity of the company is that of personal lines insurance services.

Review of business and future developments

In April 2006, after considering the financial performance and forecasts of the company and investigating potential options open to the company with regard to the company continuing to trade, the Directors felt that Bluesure Limited no longer offered commercial value to its shareholders. Taking this into account, the Directors made the decision to wind down the trading activities of the company.

The company's activities had, in effect, ceased by 30 November 2006. It is because of the above facts that the Directors consider that it is not appropriate for the accounts to be prepared on a going concern basis.

Results and dividends

The company's loss for the financial year is £2,089,902 (2005: loss £5,063,624). The directors do not recommend the payment of a dividend and accordingly the loss has been transferred to reserves.

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The directors are responsible for preparing the financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, 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:


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the directors in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.


G R G Stiff
Secretary
30 October 2007

Independent auditors' report to the shareholders of Blasures Limited

We have audited the financial statements of Blasures Limited for the year ended 31 December 2006, which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for preparation of the financial statements in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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

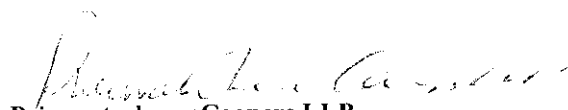
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 31 December 2006 and of its loss 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.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Belfast

30 October 2007

**Profit and loss account
for the year ended 31 December 2006**

	Notes	2006 £	2005 £
Turnover	2	105,363	62,644
Net operating expenses		(2,203,551)	(4,120,237)
Operating loss	3	(2,098,188)	(4,057,593)
Exceptional item – impairment of fixed assets	6	-	(1,013,306)
Interest receivable		8,286	7,275
Loss on ordinary activities before taxation		(2,089,902)	(5,063,624)
Taxation	7	-	-
Loss for the financial year	12	(2,089,902)	(5,063,624)

All amounts above relate to discontinued operations of the company.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above, and their historical cost equivalents.

Balance sheet at 31 December 2006

	Notes	2006 £	2005 £
Current assets			
Debtors	8	208,237	359,650
Cash at bank and in hand -- including fiduciary funds		178,444	232,838
		386,681	592,488
Creditors: amounts falling due within one year	9	(3,939,487)	(2,055,392)
Net current liabilities		(3,552,806)	(1,462,904)
Total assets less current liabilities		(3,552,806)	(1,462,904)
Creditors: amounts falling due after more than one year	10	(5,400,000)	(5,400,000)
Net liabilities		(8,952,806)	(6,862,904)
Capital and reserves			
Called up share capital	11	13,260,400	13,260,400
Share premium account	12	6,088,349	6,088,349
Profit and loss account	12	(28,301,555)	(26,211,653)
Deficit on shareholders' funds	13	(8,952,806)	(6,862,904)

The financial statements on pages 4 to 10 were approved by the board on 3rd October 2007 and were signed on its behalf by:



J A van Tonder
Director

Notes to the financial statements for the year ended 31 December 2006**1 Accounting policies**

After consideration of the financial performance of the company and investigating potential options open to the company with regard to the company continuing to trade, the Directors felt that Bluesure Limited no longer offered commercial value to its shareholders. Forecasts for the year ended 31 December 2006 continued to indicate significant trading losses. Taking this into account, in April 2006 the Directors made the decision to cease the trading activities of the company. The company's activities had, in effect, ceased by 30 November 2006.

The balance sheet of the company shows net liabilities of £8,952,806 and a retained loss for the financial year of £2,089,902.

It is because of the above facts that the Directors feel that it is not appropriate for the accounts to be prepared on a going concern basis.

Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 1985 and applicable UK accounting standards. A summary of the company's principal accounting policies, which have been applied consistently, is set out below.

Change in accounting policy

The adoption of the presentation requirements of FRS 25 has led to the reclassification of preference shares from equity to liabilities with the related dividends being recognised as interest cost. Dividends paid are now shown in the profit and loss reserve rather than on the face of the profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over their estimated useful lives. Software that is purchased from a third party is capitalised where it relates to long term information technology infrastructure on a continuing use basis.

The principal annual rates for the depreciation of fixed assets are as follows:

		%
Computer equipment	-	25-33 $\frac{1}{3}$
Fixture and fittings	-	25
Motor vehicles	-	33 $\frac{1}{3}$

Turnover

Turnover is attributable to the principal activity of personal lines insurance services and is recognised when these services have been rendered and the associated premium has actually been collected.

Taxation

The charge for taxation is based on the loss for the year at current rates of tax and takes into account deferred taxation.

Pension costs

The company operates a defined contribution scheme for those employees not covered by the above scheme. The cost of funding the defined contribution scheme is charged to the profit and loss account as incurred.

Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

1 Accounting policies (continued)

Cash flow

The company has taken the exemption in FRS 1 Revised "Cash flow statements", as a small company, from publishing a cash flow statement.

2 Turnover

Turnover is attributable to the principal activity of personal lines insurance services arising in the United Kingdom.

3 Operating loss

	2006 £	2005 £
Net operating loss is stated after charging:		
Staff Costs (Note 4)	1,046,633	1,504,804
Profit on disposal of fixed asset previously written off	4,800	-
Depreciation	-	829,220
Auditors remuneration	7,000	15,000

4 Employee information

	2006 £	2005 £
Staff costs		
Wages and salaries	838,421	1,186,081
Social security costs	95,077	128,609
Other pension costs	113,135	190,114
	1,046,633	1,504,804

	2006 Number	2005 Number
Average monthly number of persons employed by the company (including executive directors) during the year	17	23

5 Directors' emoluments

	2006 £	2005 £
Remuneration		
Total emoluments	34,750	194,167
Contributions to money purchase pension schemes	13,467	38,895
Highest paid director		
	2006 £	2005 £
Total emoluments	34,750	121,250
Contributions to money purchase pension schemes	13,467	28,270

6 Exceptional item

	2006	2005
	£	£
Impairment of fixed assets	-	1,013,306

All fixed assets owned by the company were subject to an impairment review during year ended 31 December 2005 to ensure that the carrying amounts were stated at the lower of historical depreciated cost or residual value.

7 Taxation

The company has trading losses brought forward. The trading loss arising in the current period is unlikely to be utilised in the foreseeable future and therefore no deferred tax credit has been recognised.

8 Debtors: amounts falling due within one year

	2006	2005
	£	£
Trade debtors	14,808	-
Other debtors	-	4,542
Called up share capital not yet paid	139,808	139,808
Prepayments and accrued income	53,621	215,300
	208,237	359,650

9 Creditors: amounts falling due within one year

	2006	2005
	£	£
Insurance balances	99,633	136,425
Amounts due to associated undertakings (Note 14)	3,771,357	1,681,587
Accruals and deferred income	68,497	237,380
	3,939,487	2,055,392

The amounts due to associated undertakings are unsecured, interest free and repayable on demand.

10 Creditors: amounts falling due after more than one year

	2006	2005
	£	£
Preferred redeemable preference shares of £1 each (5,400,000 shares) (see below)	5,400,000	5,400,000
Preference share capital		
	2006	2005
	£	£
Authorised, issued and fully paid		
5,400,000 8% preferred redeemable preference shares of £1 each	5,400,000	5,400,000

10 Creditors: amounts falling due after more than one year (continued)

The Preferred Redeemable shares carry a fixed dividend of 8% payable in preference to any dividend on any other class of share in the company, rank alongside the Ordinary shares in respect of voting rights and rank alongside the Deferred shares in respect of any return of capital on a winding up of the company. These shares can be redeemed at par at the option of the company at any time after their issue or at any time after 28 February 2008 at the option of the holders. Any shares that have not been redeemed by 31 December 2009 shall be converted in to 'A' and 'B' ordinary shares on that date.

The shares have no redemption entitlement. On a winding up the holders have priority before all other classes of shares to receive repayment of capital plus any arrears of dividend. The holders have no voting rights unless the dividend is in arrears by six months or more.

11 Called up share capital

	2006	2005
	£	£
Authorised		
Preferred redeemable preference shares	6,000,000	6,000,000
Ordinary shares of £1 each	4,370,625	4,370,625
'A' ordinary shares of £1 each	4,500,000	4,500,000
'B' ordinary shares of £1 each	4,500,000	4,500,000
Deferred shares of £1 each	3,871,285	3,871,285
	23,241,910	23,241,910
Allotted, called up and fully paid		
Ordinary shares of £1 each	460,400	460,400
'A' ordinary shares of £1 each	4,500,000	4,500,000
'B' ordinary shares of £1 each	4,500,000	4,500,000
Deferred shares of £1 each	3,800,000	3,800,000
	13,260,400	13,260,400

Deferred Shares

The deferred shares have no voting rights and do not rank for dividends or other distribution except on a winding up of the company when they are entitled to receive the amount paid up after the holders of 'A' Ordinary Shares, 'B' Ordinary Shares and Ordinary Shares have received the sum of £1,000,000 in respect of each such share.

12 Reserves

	2006		2005	
	Share premium account £	Profit and loss account £	Share premium account £	Profit and loss account £
At 1 January	6,088,349	(26,211,653)	6,088,349	(21,148,029)
Retained loss for the year	-	(2,089,902)	-	(5,063,624)
At 31 December	6,088,349	(28,301,555)	6,088,349	(26,211,653)

13 Reconciliation of movement in shareholders' funds

	2006 £	2005 £
Opening shareholders' funds	(6,862,904)	(1,939,088)
Loss for the year	(2,089,902)	(5,063,624)
Issue of share capital	-	139,808
Closing shareholders' funds	(8,952,806)	(6,862,904)

14 Related party transactions

During the year Benfield Holdings Limited and Santam UK Limited, both shareholders of the company, provided funding to finance the working capital requirements the company. The amount due to Santam UK Limited in relation to this funding at 31 December 2006 was £3,385,000 (2005: £1,350,000).

In addition, at 31 December 2006 the company owed £386,357 (2005: £331,587) to Benfield Holdings Limited in relation to various costs incurred on its behalf.