

Bluesure Limited
Annual report
for the period ended 31 January 2008

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Bluesure Limited

Annual report for the 13 month period ended 31 January 2008

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Directors and advisers

Directors

S C Gilbert (resigned 31 July 2007)
J Groenvold
J A van Tonder

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 13 month period ended 31 January 2008

The directors present their report and the audited financial statements of the company for the period ended 31 January 2008

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. In the period under consideration the company did not trade and was being prepared for member's voluntary liquidation. 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 profit for the financial year is £814,653 (2006 loss £2,089,902). The directors do not recommend the payment of a dividend and accordingly the profit 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 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

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 that 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.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be considered at the Annual General Meeting if the planned voluntary liquidation does not go ahead

By order of the Board



G R G Stiff

Company Secretary

29 February 2008

Independent auditors' report to the members of Blasures Limited

We have audited the financial statements of Blasures Limited for the 13 month period ended 31 January 2008, 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

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom 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). 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 also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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

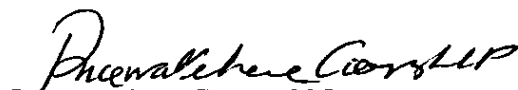
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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 January 2008 and of its profit for the 13 month period 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

29 February 2008

Profit and loss account for the 13 month period ended 31 January 2008

	Notes	13 months ended 31 Jan 2008 £	Year ended 31 December 2006 £
Turnover	2	-	105,363
Net operating expenses		(110,347)	(2,203,551)
Operating loss	3	(110,347)	(2,098,188)
Interest receivable		-	8,286
Loss on ordinary activities before taxation		(110,347)	(2,089,902)
Taxation	6	925,000	-
Profit/ (Loss) for the financial year	12	814,653	(2,089,902)

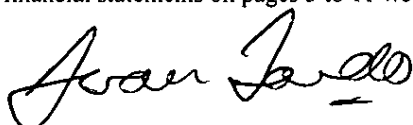
All amounts above relate to discontinued operations of the company

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

Balance sheet at 31 January 2008

	Notes	2008 £	2006 £
Current assets			
Debtors	7	139,808	208,237
Cash at bank and in hand – including fiduciary funds		-	178,444
		139,808	386,681
Creditors, amounts falling due within one year	8	(2,877,961)	(3,939,487)
Net current liabilities		(2,738,153)	(3,552,806)
Total assets less current liabilities		(2,738,153)	(3,552,806)
Creditors' amounts falling due after more than one year	9	-	(5,400,000)
Net liabilities		(2,738,153)	(8,952,806)
Capital and reserves			
Called up share capital	10	18,660,400	13,260,400
Share premium account	11	6,088,349	6,088,349
Profit and loss account	11	(27,486,902)	(28,301,555)
Deficit on shareholders' funds	12	(2,738,153)	(8,952,806)

The financial statements on pages 5 to 11 were approved by the Board and were signed on its behalf by



J A van Tonder
Director

29 February 2008

Notes to the financial statements for the 13 month period ended 31 January 2008**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 period ended 31 January 2008 had 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. In the period under consideration the company did not trade and was being prepared for member's voluntary liquidation.

The balance sheet of the company shows net liabilities of £2,738,153 and a retained profit for the financial year of £814,653.

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.

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.

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 relates to the company's main activity which is carried out in the United Kingdom and mainland Europe. Turnover is attributable to the principal activity of personal lines insurance services arising in the United Kingdom.

3 Operating loss

	2008 £	2006 £
This is stated after charging.		
Staff Costs (Note 4)	77,542	1,046,633
Profit on disposal of fixed asset previously written off	-	4,800
Auditors remuneration	4,000	7,000

4 Employee information

	2008 £	2006 £
Staff costs		
Wages and salaries	69,628	838,421
Social security costs	-	95,077
Other pension costs	7,914	113,135
	77,542	1,046,633

	2008 Number	2006 Number
Average monthly number of persons employed by the company (including executive directors) during the year	1	17

5 Directors' emoluments

	2008 £	2006 £
Remuneration		
Total emoluments	-	34,750
Contributions to money purchase pension schemes	-	13,467

6 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.

	2008 £	2006 £
Current tax:		
UK corporation tax at 30%	-	-
Group relief	(925,000)	-
Adjustment in respect of previous periods	-	-
Total current tax	(925,000)	-
Deferred tax:		
Accelerated capital allowances and other timing differences	-	-
Adjustment in respect of previous periods	-	-
Total deferred tax	-	-
Tax charge on loss on ordinary activities	-	-

The current tax assessed for the year differs from the standard rate of corporation tax in the UK (30%) The differences are explained below

	2008 £	2006 £
Loss on ordinary activities before tax	(110,347)	(2,089,902)
Loss on ordinary activities multiplied by standard rate in the UK 30 % (2006 30%)	(33,104)	(626,971)
Effects of		
Other timing differences	33,104	626,971
Group relief received	(925,000)	-
Current tax charge for the year	(925,000)	-

7 Debtors: amounts falling due within one year

	2008 £	2006 £
Trade debtors	-	14,808
Called up share capital not yet paid	139,808	139,808
Prepayments and accrued income	-	53,621
	139,808	208,237

8 Creditors: amounts falling due within one year

	2008 £	2006 £
Insurance balances	-	99,633
Amounts due to associated undertakings (Note 13)	2,877,961	3,771,357
Accruals and deferred income	-	68,497
	2,877,961	3,939,487

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

9 Creditors: amounts falling due after more than one year

	2008 £	2006 £
Preferred redeemable preference shares of £1 each (5,400,000 shares) (see below)	-	5,400,000

Preference share capital

	2008 £	2006 £
Authorised, issued and fully paid		
5,400,000 8% preferred redeemable preference shares of £1 each	-	5,400,000

Preference Shares

Preference shares of £5,400,000 (2006 £nil) have been reclassified as £2,700,000 'A' ordinary shares and £2,700,000 'B' ordinary shares

10 Called up share capital

	2008 £	2006 £
Authorised		
Preferred redeemable preference shares	600,000	6,000,000
Ordinary shares of £1 each	4,370,625	4,370,625
'A' ordinary shares of £1 each	7,200,000	4,500,000
'B' ordinary shares of £1 each	7,200,000	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	7,200,000	4,500,000
'B' ordinary shares of £1 each	7,200,000	4,500,000
Deferred shares of £1 each	3,800,000	3,800,000
	18,660,400	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

11 Reserves

	2008		2006	
	Share premium account £	Profit and loss account £	Share premium account £	Profit and loss account £
At 1 January 2007	6,088,349	(28,301,555)	6,088,349	(26,211,653)
Retained profit/ (loss) for the year	-	814,653	-	(2,089,902)
At 31 January 2008	6,088,349	(27,486,902)	6,088,349	(28,301,555)

12 Reconciliation of movement in shareholders' funds

	2008 £	2006 £
Opening shareholders' funds	(8,952,806)	(6,862,904)
Profit/ (Loss) for the year	814,653	(2,089,902)
Transfer of preference shares to ordinary share capital	5,400,000	-
Closing shareholders' funds	(2,738,153)	(8,952,806)

13 Related party transactions

During the year Santam UK Limited, a shareholder of the company, provided funding to finance the working capital requirements of the company. The amount due to Santam UK Limited in relation to this funding at 31 January 2008 was £2,877,961 (2006 £3,385,000)