

Company Registration No. 04176973 (England and Wales)

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002



BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

COMPANY INFORMATION

Directors	M V Booth T P Osborne K Whyte J D Damer	(Appointed 17 April 2003) (Appointed 24 June 2003)
Secretary	R Whitfield-Jones	
Company number	04176973	
Registered office	Groupama House 24/26 Minories London EC3N 1DE	
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF	
Bankers	Barclays Bank PLC 54 Lombard Street London EC3V 9EX	
Solicitors	Wollastons Brierly Place New London Road Essex CM2 0AP	

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

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BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report and financial statements for the year ended 31 December 2002.

Principal activity and review of the business

The principal activity of the company is claims handling services.

Brokers Educational Supply Teachers Claims Limited is jointly owned by Groupama Insurance Company Limited and Brokers Educational Supply Teachers Underwriting Agency.

Brokers Educational Supply Teachers Underwriting Agency was acquired by The Capita Group Plc in June 2002.

Results and dividends

The results for the year are set out on page 4.

Directors

The following directors have held office since 1 January 2002:

M V Booth	(Appointed 17 April 2003)
T P Osborne	
K Whyte	
T A Ablett	(Resigned 17 April 2003)
P J Walters	(Resigned 6 June 2003)
J D Damer	(Appointed 24 June 2003)

Directors' interests

Mr P J Walters was a director of the holding company, Capita Absence Management Services Limited (formerly Wynchgate Holdings (1997) Limited). Details of his interests are held within the accounts of that company.

None of the other directors who served during the year had an interest in the ordinary shares of the company or in the shares of any other group company with the exception of interests in options under the share option scheme of the ultimate parent undertaking, The Capita Group Plc, as follows:

	1 January 2002 or date of appointment	Granted in year	Exercised in year	31 December 2002
K Whyte	-	14,500	-	14,500

Auditors

Pricewaterhousecoopers resigned as auditors during the year and Ernst & Young LLP were appointed in their place. In accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

DIRECTORS' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2002**

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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

On behalf of the board



J D Damer

Director

30 October 2003

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

We have audited the company's financial statements for the year ended 31 December 2002 which comprise the profit and loss account, balance sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of 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 auditors' 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 the directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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 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 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 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 the material 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 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP

Registered Auditor

London

31-10-03

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	10 months to Dec 2001 £
Turnover	2	206,745	45,108
Administrative expenses		(197,210)	(40,423)
Profit on ordinary activities before taxation	3	9,535	4,685
Tax on profit on ordinary activities	4	(765)	(1,500)
Profit on ordinary activities after taxation	11	8,770	3,185

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

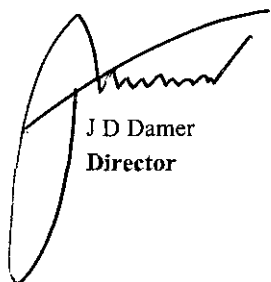
BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2002

	Notes	2002 £	2001 £
Fixed assets			
Intangible assets	5	43,334	46,667
Tangible assets	6	8,125	5,869
	
		51,459	52,536
Current assets			
Debtors	7	33,309	485,939
Cash at bank and in hand		162,310	-
	
		195,619	485,939
Creditors: amounts falling due within one year	8	(135,123)	(435,290)
	
Net current assets		60,496	50,649
	
Total assets less current liabilities		111,955	103,185
	
		111,955	103,185
	
Capital and reserves			
Called up share capital	10	100,000	100,000
Profit and loss account	11	11,955	3,185
	
Shareholders' funds - equity interests	12	111,955	103,185
	

The financial statements were approved by the Board on 30 October 2003



J D Damer
Director

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with accounting standards applicable in the United Kingdom.

During the year the company has adopted FRS19 'Deferred Taxation', this has not necessitated a restatement of figures.

The company continues to comply with FRS18 'Accounting Policies', which is concerned with the selection, application and disclosure of accounting policies in the financial statements.

1.3 Turnover

Turnover, which excludes value added tax, represents commission received for processing claims.

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	5 years
Fixtures, fittings & equipment	5 years

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Pensions

The company operates a defined contribution pension scheme administered by Standard Life on behalf of its joint owners.

The company remits monthly pension contributions to Capita Business Services Limited, a fellow subsidiary undertaking of The Capita Group Plc, which pays the Group liability centrally. Any unpaid pension contributions at the year end have been accrued in the accounts of that company.

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

(continued)

1.8 Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, taxation, with the following exceptions:

- Provision is made for taxation on gains arising from the revaluation (and similar fair value adjustments) of fixed assets and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more or less likely than not that the taxable gain will be rolled over into replacement assets and charged to taxation only where the replacement assets are sold;

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

- Deferred taxation assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the taxation rates that are expected to apply in the periods in which timing differences reverse, based on taxation rates and laws enacted or substantively enacted at the balance sheet date.

1.9 Related party transactions

Brokers Educational Supply Teachers Underwriting Agency Limited charged the company £64,289 (2001: £8,295) in respect of costs borne on its behalf. In the same period the company earned commission of £206,745 (2001: £45,108) for claims processed on behalf of Groupama Insurance Company Limited.

Groupama Insurance Company Limited charged the company £3,000 (2001: £28,368) in respect of costs borne on its behalf.

The amounts outstanding to and from Brokers Educational Supply Teachers Underwriting Agency Limited and Groupama Insurance Company Limited are shown in notes 7 and 8.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2002	10 months to Dec 2001
	£	£
Operating profit is stated after charging:		
Amortisation of intangible assets	3,333	3,333
Depreciation of tangible assets	4,131	672
Management expense	10,000	-
	<u> </u>	<u> </u>

Audit fees were borne by Capita Absence Management Services Limited (formerly Wynchgate Holdings (1997) Limited).

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

4	Taxation	2002 £	10 months to Dec 2001 £
	Domestic current year tax		
	U.K. corporation tax	3,854	1,500
		<u>3,854</u>	<u>1,500</u>
	Current tax charge	3,854	1,500
	Deferred tax		
	Deferred tax credit current year	(3,089)	-
		<u>765</u>	<u>1,500</u>
		<u>765</u>	<u>1,500</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	9,535	4,685
		<u>9,535</u>	<u>4,685</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2001 : 30.00%)	2,861	1,406
		<u>2,861</u>	<u>1,406</u>
	Effects of:		
	Depreciation add back	389	-
	Provision charged not used	2,700	-
	Other adjustments	(2,096)	94
		<u>993</u>	<u>94</u>
		<u>993</u>	<u>94</u>
	Current tax charge	3,854	1,500
		<u>3,854</u>	<u>1,500</u>

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

5 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2002 & at 31 December 2002	46,667
Amortisation	
At 1 January 2002	-
Charge for the year	3,333
At 31 December 2002	3,333
Net book value	
At 31 December 2002	43,334
At 31 December 2001	46,667

The cost of the intangible asset is its purchase cost. Amortisation is calculated so as to write off cost, or valuation of the intangible asset on a straight-line basis over the expected useful economic life of the asset concerned. The expected useful life is considered by the directors to be 15 years.

6 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2002	4,937	1,604	6,541
Additions	4,519	1,868	6,387
At 31 December 2002	9,456	3,472	12,928
Depreciation			
At 1 January 2002	549	123	672
Charge for the year	3,135	996	4,131
At 31 December 2002	3,684	1,119	4,803
Net book value			
At 31 December 2002	5,772	2,353	8,125
At 31 December 2001	4,388	1,481	5,869

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

7 Debtors	2002 £	2001 £
Trade debtors	30,220	-
Amounts owed by Brokers Educational Supply Teachers Underwriting Agency	-	483,693
Prepayments and accrued income	-	2,246
Deferred tax asset (see note 9)	3,089	-
	<u>33,309</u>	<u>485,939</u>

8 Creditors: amounts falling due within one year	2002 £	2001 £
Trade creditors	96,114	-
Amounts owed to parent and fellow subsidiary undertakings	9,989	-
Amounts owed to Brokers Educational Supply Teachers Underwriting Agency	-	188,325
Amounts owed to Groupama Insurance Company Limited	-	243,465
Corporation tax	5,353	1,500
Accruals and deferred income	23,667	2,000
	<u>135,123</u>	<u>435,290</u>

9 Provisions for liabilities and charges

The deferred tax asset (included in debtors, note 7) is made up as follows:

	2002 £	2001 £
Profit and loss account	<u>(3,089)</u>	-
Accelerated capital allowances	<u>(3,089)</u>	-

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

10 Share capital	2002 £	2001 £
Authorised		
50,000 Ordinary A shares of £ 1 each	50,000	50,000
50,000 Ordinary B shares of £ 1 each	50,000	50,000
	<u>100,000</u>	<u>100,000</u>
 Allotted, called up and fully paid		
50,000 Ordinary A shares of £ 1 each	50,000	50,000
50,000 Ordinary B shares of £ 1 each	50,000	50,000
	<u>100,000</u>	<u>100,000</u>

All classes of ordinary shares rank pari passu.

11 Statement of movements on profit and loss account

Profit and loss account

	£
Balance at 1 January 2002	3,185
Retained profit for the year	8,770
	<u>11,955</u>
Balance at 31 December 2002	

12 Reconciliation of movements in shareholders' funds	2002 £	2001 £
Profit for the financial year	8,770	3,185
Opening shareholders' funds	103,185	100,000
	<u>111,955</u>	<u>103,185</u>
Closing shareholders' funds		

13 Directors' emoluments

None of the directors received any remuneration for their services to the company (2001: nil).

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2002**

14 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2002 Number	2001 Number
Operations	8	-
	<u> </u>	<u> </u>
Employment costs		
	£	£
Wages and salaries	60,961	-
Social security costs	4,445	-
	<u> </u>	<u> </u>
	65,406	-
	<u> </u>	<u> </u>

15 Control

Brokers Educational Supply Teachers Claims Limited is jointly owned by Groupama Insurance Company Limited and Brokers Educational Supply Teachers Underwriting Agency Limited who is a wholly owned subsidiary of The Capita Group Plc, a company incorporated in England & Wales.

The accounts of The Capita Group Plc are available from the registered office at 71 Victoria Street, London, SW1H 0XA.

The accounts of Groupama Insurance Company Limited are available from the registered office at 24/26 Minories, London, EC3N 1DE.