

Company Registration No. 04176973 (England and Wales)

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004



BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

COMPANY INFORMATION

Directors	A J Blanc J D Damer G A Gibson K Whyte	(Appointed 29 October 2004) (Appointed 15 July 2004)
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 1 Churchill Place London E14 5HP	
Solicitors	Herbert Smith Exchange House Primrose Street London EC2A 2HS	

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

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BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report and financial statements for the year ended 31 December 2004.

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 Limited.

Results and dividends

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

The directors do not recommend payment of an ordinary dividend in the current year (2003 - £nil).

Directors

The following directors have held office since 1 January 2004:

A J Blanc	(Appointed 29 October 2004)
M V Booth	(Resigned 15 July 2004)
J D Damer	
G A Gibson	(Appointed 15 July 2004)
T P Osborne	(Resigned 29 October 2004)
K Whyte	

Directors' interests

None of the 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 Capita Group Plc, as follows:

	1 January 2004	Granted in year	Exercised in year	31 December 2004
J D Damer	21,277	20,000	-	41,277
K Whyte	24,500	-	-	24,500

Auditors

A resolution to re-appoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2004

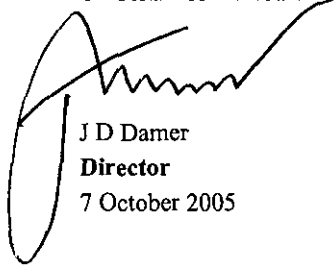
Directors' responsibilities

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

7 October 2005

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

We have audited the company's financial statements for the year ended 31 December 2004 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 2004 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

10 October 2005

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 £
Turnover	2	159,792	173,985
Administrative expenses		(153,108)	(176,620)
Profit/(loss) on ordinary activities before taxation	3	6,684	(2,635)
Tax on profit/(loss) on ordinary activities	4	4,415	(3,694)
Profit/(loss) on ordinary activities after taxation	11	11,099	(6,329)

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.

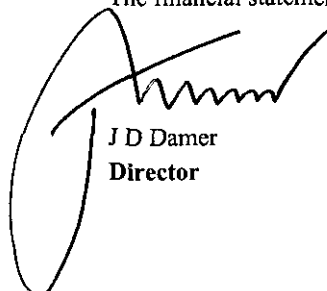
BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2004

	Notes	2004 £	2003 £
Fixed assets			
Intangible assets	5	36,668	40,001
Tangible assets	6	1,222	3,487
		<u>37,890</u>	<u>43,488</u>
Current assets			
Debtors	7	16,926	25,925
Cash at bank and in hand		71,440	111,531
		<u>88,366</u>	<u>137,456</u>
Creditors: amounts falling due within one year	8	(9,531)	(75,076)
Net current assets		<u>78,835</u>	<u>62,380</u>
Total assets less current liabilities		<u>116,725</u>	<u>105,868</u>
Provisions for liabilities and charges	9	-	(242)
		<u>116,725</u>	<u>105,626</u>
Capital and reserves			
Called up share capital	10	100,000	100,000
Profit and loss account	11	16,725	5,626
Shareholders' funds - equity interests	12	<u>116,725</u>	<u>105,626</u>

The financial statements were approved by the Board on 7 October 2005



J D Damer
Director

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

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.

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 fees for processing claims. Recognition of turnover occurs when claims are closed.

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	3-5 years
Fixtures, fittings & equipment	5 years

1.6 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 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.

1.7 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;

- 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.

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies (continued)

1.8 Related party transactions

Capita Absence Management Services Limited charged the company £64,038 (2003: £69,998) in respect of costs borne on its behalf. In the same period the company earned commission of £159,792 (2003: £173,985) for claims processed on behalf of Groupama Insurance Company Limited.

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/(loss)	2004	2003
	£	£
Operating profit/(loss) is stated after charging:		
Amortisation of intangible assets	3,333	3,333
Depreciation of tangible assets	2,265	4,638
	<u> </u>	<u> </u>

Audit fees in 2004 and 2003 were borne by The Capita Group Plc.

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

4	Taxation	2004 £	2003 £
	Domestic current year tax		
	U.K. corporation tax	383	363
	Adjustment for prior years	(4,406)	-
	Current tax (credit)/charge	<u>(4,023)</u>	<u>363</u>
	Deferred tax		
	Deferred tax (credit)/charge for the current year	(303)	3,331
	Deferred tax adjust re previous year	(89)	-
		<u>(392)</u>	<u>3,331</u>
		<u>(4,415)</u>	<u>3,694</u>
	Factors affecting the tax (credit)/charge for the year		
	Profit/(loss) on ordinary activities before taxation	<u>6,684</u>	<u>(2,635)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003 : 30.00%)	<u>2,005</u>	<u>(791)</u>
	Effects of:		
	Depreciation and goodwill amortisation	680	1,391
	Capital allowances	(201)	(268)
	Adjustments to previous periods	(4,406)	-
	Other adjustments	(2,101)	31
		<u>(6,028)</u>	<u>1,154</u>
	Current tax (credit)/charge	<u>(4,023)</u>	<u>363</u>

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

5 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2004 & at 31 December 2004	50,000
Amortisation	
At 1 January 2004	9,999
Charge for the year	3,333
At 31 December 2004	13,332
Net book value	
At 31 December 2004	36,668
At 31 December 2003	40,001

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 2004 & at 31 December 2004	9,456	3,472	12,928
Depreciation			
At 1 January 2004	8,061	1,380	9,441
Charge for the year	1,237	1,028	2,265
At 31 December 2004	9,298	2,408	11,706
Net book value			
At 31 December 2004	158	1,064	1,222
At 31 December 2003	1,395	2,092	3,487

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

7 Debtors	2004 £	2003 £
Trade debtors	16,776	16,737
Other debtors	-	9,188
Deferred tax asset (see note 9)	150	-
	<u>16,926</u>	<u>25,925</u>

8 Creditors: amounts falling due within one year	2004 £	2003 £
Trade creditors	-	15,964
Amounts owed to subsidiary undertakings of The Capita Group Plc	-	48,154
Corporation tax	383	4,406
Other creditors	4,049	-
Accruals and deferred income	5,099	6,552
	<u>9,531</u>	<u>75,076</u>

9 Provisions for liabilities and charges

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

	2004 £	2003 £
Balance at 1 January 2004	242	
Profit and loss account	(392)	
	<u>(150)</u>	
Balance at 31 December 2004		
	<u>(150)</u>	<u>242</u>

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

10 Share capital	2004 £	2003 £
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 2004	5,626
Retained profit for the year	11,099
	<u>16,725</u>
Balance at 31 December 2004	

12 Reconciliation of movements in shareholders' funds	2004 £	2003 £
Profit/(Loss) for the financial year	11,099	(6,329)
Opening shareholders' funds	105,626	111,955
	<u>116,725</u>	<u>105,626</u>
Closing shareholders' funds		

13 Directors' emoluments

None of the directors received any remuneration for their services to the company (2003: nil).

BROKERS EDUCATIONAL SUPPLY TEACHERS CLAIMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

14 Employees

Number of employees

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

	2004 Number	2003 Number
Operations	3	4
	<u>3</u>	<u>4</u>
Employment costs		
	£	£
Wages and salaries	69,336	69,791
Social security costs	6,654	4,483
	<u>75,990</u>	<u>74,274</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 which 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.