420472

BMS

BMS Harris & Dixon Insurance Brokers Limited

Report and Accounts

31 December 2005

Registered No: 420472

Directors

J W J Spencer	(Chairman)
J M Martin	
D R Morgan	
R S Thomson	*(resigned 5 May 2006)*
R D L Urquhart	(resigned 26 May 2006)
S N Higginson	(resigned 6 September 2005)

Secretary

J J F Hills

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office

Latham House
16 Minories
London EC3N 1AX

Directors' Report

The directors present their report and accounts for the year ended 31 December 2005 which were approved at a meeting of the Board on 25th October 2006.

Principal activities and future developments

From the beginning of 2004, the business of the company has been undertaken by other companies within the BMS Associates Group as part of a rationalisation of activities. As a result, the company went into run-off. From 14 January 2005 the company entered into an Appointed Representative agreement with BMS Group Limited which is authorised and regulated by the Financial Services Authority. From that date the company has acted as an agent for BMS Group Limited and continued to be in run-off.

Results and dividends

The results for the year are set out on page 5 of the accounts. The loss attributable to shareholders amounted to £862,889 (2004 - £108,369 loss). No dividends were paid during the year (2004 - £3,000,000).

Directors and their interests

The directors of the company are listed on page 1 and held office throughout the year, unless otherwise stated.

None of the directors had any interest in the shares of the company.

The interests of the directors in the shares of the ultimate parent undertaking, BMS Associates Limited, are set out below:

	Number of "B" shares held at	
	31 December 2005	*1 January 2005*
J M Martin	1,074	1,036
D R Morgan	2,484	2,484
R S Thomson	917	917

The interests of J W J Spencer and R D L Urquhart in the shares of the parent undertaking, BMS Associates Limited, are dealt with in the report and accounts of that company.

None of the directors had any interest in the shares of any other group company.

Directors' liabilities

The company has granted an indemnity to all of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Auditors

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

By order of the board

J. J. C. Hrus

Secretary

Statement of Directors' Responsibilities in Respect of the Accounts

The directors are responsible for preparing the annual report and the accounts in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

Independent Auditors' Report

to the members of BMS Harris & Dixon Insurance Brokers Limited

We have audited the company's accounts for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. These accounts 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 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 directors and auditors

The directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts 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 accounts 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 accounts, 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 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts 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 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
London

25 October 2006

Profit and Loss Account

for the year ended 31 December 2005

	Notes	2005 £	2004 £
Turnover	3	–	321,319
Other income	4	6,516	4,976
		6,516	326,295
Administrative expenses	5	(983,406)	(477,948)
Loss on ordinary activities before taxation		(976,890)	(151,653)
Tax credit on loss on ordinary activities	7	114,001	43,284
Loss for the financial year		(862,889)	(108,369)

All operations derive from discontinued activities.

A statement of total recognised gains and losses has not been prepared as there are no gains or losses for the current financial year or the preceding financial year other than the loss on ordinary activities after taxation.

Balance Sheet

at 31 December 2005

	Note	2005 £	2004 £
Fixed Assets			
Tangible assets	8	–	–
Investments	9	63,691	63,691
		63,691	63,691
Current Assets			
Debtors	10	969,338	43,559,802
Cash at bank and in hand	11	342,054	206,835
		1,311,392	43,766,637
Creditors: amounts falling due within one year	12	(106,454)	(40,880,696)
Net Current Assets		1,204,938	2,885,941
Total Assets less Current Liabilities		1,268,629	2,949,632
Provision for other liabilities and charges	13	–	(818,114)
Total Net Assets		1,268,629	2,131,518
Capital and Reserves			
Called up share capital	16	1,000,000	1,000,000
Profit and loss account		268,629	1,131,518
Equity Shareholders' Funds	17	1,268,629	2,131,518

These accounts were approved by the Board of Directors on 25th October 2006.

Signed on behalf of the Board of Directors

J W J Spencer

Chairman

Notes to the Accounts

at 31 December 2005

1. Accounting policies

Accounting convention

The accounts have been prepared using the historical cost convention and in accordance with applicable accounting standards.

Basis of preparation

As permitted by section 228 of the Companies Act, group accounts are not prepared as group accounts are prepared by the company's ultimate parent undertaking. Accordingly these accounts present information about the company and not about its group.

Turnover

Turnover represents brokerage and fees earned for placing and servicing risks on behalf of clients. The company takes credit for this income at the later of, the policy inception date or when the policy placement has been completed and confirmed. Where the premium is paid by the client in instalments, all of the income receivable is recognised when the client is debited for the first instalment.

A proportion of income is deferred over the period of the underlying contract to recognise the ongoing contractual obligations of maintaining and servicing the contract over that period.

Investments

Investments in subsidiary undertakings are carried at cost, less any provision for impairment.

Unlisted investments are stated at the lower of cost and directors' valuation.

Investment income

Investment income comprises interest earned on bank deposits and is credited as it is earned.

Foreign currencies

Brokerage and investment income expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date on which the transaction occurs or, in the case of transactions covered by related forward exchange contracts, the rate of exchange specified in the contracts.

Monetary assets and liabilities in foreign currencies are translated into sterling at exchange rates ruling at the balance sheet date.

Exchange gains or losses arising as a result of translation are included within the profit and loss account.

Depreciation

Expenditure on assets is written off over the estimated useful lives of the assets on a straight line basis as follows:

Computer equipment and software	25%
Office equipment	10% to 20%

Leases

Rentals paid under operating leases are charged to income on a straight line basis over the period of the lease.

Notes to the Accounts

at 31 December 2005

1. Accounting policies (continued)

Deferred tax

Deferred tax 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 tax.

Deferred tax 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.

Insurance broking debtors and creditors

Insurance brokers normally act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding such legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities in recognition of the fact that the insurance broker is entitled to retain investment income on any cash flows arising from such transactions.

In the ordinary course of insurance broking business, settlement is required to be made with certain insurance intermediaries and bureaux on the basis of the net balance due to or from the intermediary or bureau rather than the amount due to or from the individual third parties it represents.

The company has adopted Financial Reporting Standard 5, (FRS 5) "Reporting the Substance of Transactions" and offsets debtors and creditors from insurance transactions only when it is legally enforceable.

Pensions

All employees are eligible to become members of a Group pension scheme after three months' service. For defined benefit schemes the amounts charged to profit and loss account is based on the actuarially determined contribution rate after each triennial valuation. For defined contribution schemes, the pension cost represents the contributions payable by the company under the rules of the scheme.

See also note 18 to the accounts.

Cash flow statement

The company is exempt under Financial Reporting Standard 1 (revised) ('FRS 1') "Cash Flow Statements" from preparing a cash flow statement as it is a subsidiary of a company who holds more than 90% of its voting rights and whose consolidated accounts are publicly available.

2. Change in business

From 14 January 2005 the company entered into an Appointed Representative agreement with BMS Group Limited which is authorised and regulated by the Financial services Authority. From that date the company has acted as an agent for BMS Group Limited. The insurance assets and liabilities including client money are recognised on the balance sheet of BMS Group Limited in its capacity as principal.

Notes to the Accounts

at 31 December 2005

3. Turnover

	2005 £	2004 £
Brokerage	–	321,319
Geographical analysis of brokerage:		
UK	–	5,591
Europe	–	187,554
North America	–	–
Other	–	128,174
	–	321,319

The business activities of the company are primarily based in the United Kingdom, and this is where the company's operating results are generated and its net assets are held.

4. Other income

	2005 £	2004 £
Investment income	6,516	4,976

5. Administrative expenses

	2005 £	2004 £
Auditors' remuneration - audit services	1,832	1,177
Exchange loss on retranslation of foreign currency net assets	–	1,151
Movement in provision for property costs	–	450,000
Other administrative expenses	725,549	25,620
Management charge	256,025	–
	983,406	477,948

6. Directors and employees

Directors' emoluments were borne by other group companies in both the current and preceding financial years. The company had no employees in either the current or preceding financial year.

Notes to the Accounts

at 31 December 2005

7. Tax credit on loss on ordinary activities

	2005 £	*2004* £
The taxation credit comprises:		
Current tax		
UK Corporation tax at 30% (2004 - 30%)	(363,826)	(40,880)
Prior years' (over)/under provision	(3,391)	2,212
Total current tax	(367,217)	(38,668)
Deferred tax		
- Accelerated capital allowances	7,782	10,376
- Origination and reversal of timing differences	245,434	–
- Other timing differences	–	(14,992)
Tax on loss on ordinary activities	(114,001)	(43,284)

Factors affecting the tax credit for the year

The tax rate of the year is higher than the standard rate of tax in the UK (30%). The differences are explained below:

	2005 £	*2004* £
Loss on ordinary activities before tax	(976,890)	(151,653)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%)	(293,067)	(45,496)
Effects of:		
Timing differences	(70,759)	4,616
Prior years' (over)/under provision	(3,391)	2,212
Current tax (credit) for the year	(367,217)	(38,668)

8. Tangible fixed assets

	Computer equipment and software £	*Office equipment* £	*Total* £
Cost:			
At 1 January 2005 and 31 December 2005	795,449	484,845	1,280,294
Accumulated depreciation:			
At 1 January 2005 and 31 December 2005	795,449	484,845	1,280,294
Net book value at 31 December 2005	–	–	–
Net book value at 31 December 2004	–	–	–

Notes to the Accounts

at 31 December 2005

9. Fixed asset investments

	Unlisted investments £	Shares in subsidiary and associated undertakings £	Total £
Cost			
At 1 January and 31 December 2005	50,000	1,561,717	1,611,717
Provision:			
At 1 January and 31 December 2005	50,000	1,498,026	1,548,026
Net book value at 31 December 2005	–	63,691	63,691
Net book value at 31 December 2004	–	63,691	63,691

The undertakings at 31 December 2005 were as follows:

Name of company	*Country of registration (or incorporation)*	*Holding*	*Proportion held*	*Nature of business*
Subsidiaries				
BMS Harris & Dixon Praha a.s.	Czech Republic	Ordinary shares	100%	Reinsurance and insurance broking
BMS Harris & Dixon Slovakia a.s.	Slovak Republic	Ordinary shares	100%	Reinsurance and insurance broking
Associates				
International Reinsurance Brokers Limited	England	Ordinary shares	50%	Reinsurance broking

10. Debtors

	2005 £	2004 £
Insurance broking debtors	–	31,961,655
Insurance broking debtors owed by fellow subsidiary undertakings	–	7,688,902
Amounts owed by fellow group undertakings	523,691	3,245,430
Other debtors	58,474	257,750
Prepayments and accrued income	–	93,751
Deferred tax	23,347	276,563
Group tax relief receivable	363,826	35,751
	969,338	43,559,802

The deferred tax asset represents amounts falling due after more than one year.

Notes to the Accounts

at 31 December 2005

11. Cash at bank and in hand

	2005 £	*2004* £
Insurance bank accounts	–	29,469
Non-insurance bank accounts	342,054	177,366
	342,054	206,835

12. Creditors: amounts falling due within one year

	2005 £	*2004* £
Insurance broking creditors	–	37,417,803
Insurance broking creditors owed to fellow subsidiary undertakings	–	3,292,704
Amounts owed to fellow group undertakings	–	76,098
Other creditors	60,000	33,045
Accruals	46,454	61,046
	106,454	40,880,696

13. Provision for other liabilities and charges

	At 1 January 2005 £	*Utilisation* £	*At 31 December 2005* £
Provision for property costs	818,114	(818,114)	–
	818,114	(818,114)	–

During the year the company settled the lease for which the property cost provision was created resulting in full utilisation of that provision.

14. Deferred tax asset

	2005 £	*2004* £
Accelerated capital allowances	23,347	31,129
Other timing differences	–	245,434
	23,347	276,563

Notes to the Accounts

at 31 December 2005

15. Lease commitments

The company has annual commitments under operating leases for land and buildings which expire as follows:

	2005	2004
	£	£
Within one year	–	–
Between one and five years	–	363,968
Five years and over	–	–
	–	363,968

16. Share capital

	2005	2004
	£	£
Authorised		
Ordinary shares of £1 each	1,250,000	1,250,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	1,000,000	1,000,000

17. Reconciliation of movements in shareholders' funds

	2005	2004
	£	£
Opening equity shareholders' funds	2,131,518	5,239,887
Loss attributable to shareholders	(862,889)	(108,369)
Dividend paid	–	(3,000,000)
Closing equity shareholders' funds	1,268,629	2,131,518

18. Pensions

BMS Associates Ltd operates two defined benefit schemes one of which is held in the name of BMS Harris & Dixon Insurance Brokers Limited. The BMS Harris & Dixon Insurance Brokers Ltd Pension and Life Assurance Scheme is closed to new employees. As disclosed in Note 6 the company has no employees and all scheme members are now employed by various other group entities. No pension contributions were paid by the company in 2004 and 2005.

The deficit of the scheme is recognised in the consolidated balance sheet of the ultimate parent undertaking, BMS Associates Limited. Further details of the defined benefit scheme, as required under FRS 17, can be found in the accounts of BMS Associates Limited.

Notes to the Accounts

at 31 December 2005

19. Related parties

Advantage has been taken of the exemption under Financial Reporting Standard 8 ('FRS 8') "Related Party Transactions" not to disclose transactions between entities 90% or more of whose voting rights are controlled within the BMS Associates Limited Group.

20. Parent undertaking

The company's immediate parent undertaking is H.D. Holdings Limited, a company registered in England and Wales and incorporated in Great Britain.

The company's ultimate parent undertaking and controlling party is BMS Associates Limited, a company registered in England and Wales and incorporated in Great Britain. The parent undertaking of the largest and smallest group of undertakings for which consolidated accounts are prepared, and of which the company is a member, is BMS Associates Limited. A copy of the accounts of BMS Associates Limited can be obtained from the Registered Office, Latham House, 16 Minories, London EC3N 1AX.