



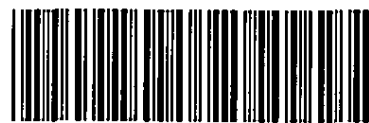
420672

## **BMS Harris & Dixon Insurance Brokers Limited**

### **Report and Accounts**

31 December 2006

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COMPANIES HOUSE



Registered No 420472

**Directors**

J W J Spencer (Chairman)

J M Martin

D R Morgan

R S Thomson

(retired 5 May 2006)

R D L Urquhart

(retired 26 May 2006)

**Secretary**

J J F Hills

**Auditors**

Ernst & Young LLP

1 More London Place

London SE1 2AF

**Registered Office**

One America Square

London

EC3N 2LS

## Directors' Report

The directors present their report and accounts for the year ended 31 December 2006 which were approved at a meeting of the Board on 26<sup>th</sup> October 2007

### 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

The business review is discussed in more detail in the parent company, BMS Associates Limited, accounts

### Results and dividends

The results for the year are set out on page 7 of the accounts. The loss attributable to shareholders amounted to £458,713 (2005 - £862,889). No dividends were paid or proposed during the year (2005 - £Nil)

### 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

	<i>Number of "B" shares held at</i>	
	<i>31 December</i>	<i>1 January</i>
	<i>2006</i>	<i>2006</i>
J M Martin	818	1,074
D R Morgan	2,484	2,484

The interests of J W J Spencer 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

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information



## 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 W J Spencer

Chairman

## **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. Under that law the Directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts 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 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

# **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 2006 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 16. These accounts 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 directors and auditors**

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's 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 whether in our opinion the information given in the directors' report is consistent with the accounts.

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 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.

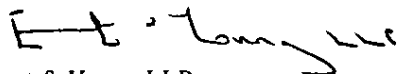
# Independent Auditors' Report

to the members of BMS Harris & Dixon Insurance Brokers Limited

## 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 2006 and of the Company's loss for the year then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the accounts



Ernst & Young LLP  
Registered Auditor  
London

29 October 2007

## Profit and Loss Account

for the year ended 31 December 2006

	<i>Notes</i>	2006 £	2005 £
<b>Other income</b>	2	131,141	6,516
<b>Administrative expenses</b>	3	(777,258)	(983,406)
<b>Loss on ordinary activities before taxation</b>		(646,117)	(976,890)
Tax credit on loss on ordinary activities	5	187,404	114,001
<b>Loss for the financial year</b>		(458,713)	(862,889)

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 2006

	Note	2006 £	Restated 2005 £
<b>Fixed Assets</b>			
Tangible assets	6	–	–
Investments	7	63,691	63,691
		<u>63,691</u>	<u>63,691</u>
<b>Current Assets</b>			
Debtors	8	31,265,834	38,091,257
Cash at bank and in hand	9	–	342,054
		<u>31,265,834</u>	<u>38,433,311</u>
<b>Creditors:</b> amounts falling due within one year	10	(30,519,609)	(37,228,373)
<b>Net Current Assets</b>		<u>746,225</u>	<u>1,204,938</u>
<b>Total Net Assets</b>		<u>809,916</u>	<u>1,268,629</u>
<b>Capital and Reserves</b>			
Called up share capital	12	1,000,000	1,000,000
Profit and loss account		(190,084)	268,629
<b>Equity Shareholders' Funds</b>	13	<u>809,916</u>	<u>1,268,629</u>

These accounts were approved by the Board of Directors on 26<sup>th</sup> October 2007

Signed on behalf of the Board of Directors



J W J Spencer

Chairman

## Notes to the Accounts

at 31 December 2006

### 1. Accounting policies

#### Accounting convention

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

The accounts have been prepared under the going concern basis as the ultimate parent undertaking, BMS Associates Limited, has indicated its willingness to support the company for the foreseeable future

#### 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

#### Prior year restatement

BMS Harris & Dixon Insurance Brokers Limited (HDIB) is an Appointed Representative of BMS Group Limited since 14 January 2005. The insurance cash relating to HDIB is held by BMS Group Limited and in 2005 the insurance debtors and creditors were reported in BMS Group Limited accounts. The insurance debtor and creditor balances relate to a period prior to 2004 when HDIB went into run off, and as such we now believe it is more appropriate to report these in HDIB accounts. The comparative balances have been restated accordingly.

#### 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

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate at the forward contract rate.

## Notes to the Accounts

at 31 December 2006

### 1. Accounting policies (continued)

#### 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

#### 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 and accordingly such investment income is included in operating profits. Such cash is held in a client account separate from the general funds of the company

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 14 to the accounts

## Notes to the Accounts

at 31 December 2006

### 1. Accounting policies (continued)

#### Cash flow statement

The company has not prepared a cash flow statement, as permitted by Financial Reporting Standard 1 ('FRS 1') (revised) "Cash Flow Statements" where 90% or more of the voting rights are controlled within the group, and consolidated financial statements in which the Company is included are publicly available. The cash flow statement for the Group is shown in the accounts of the ultimate parent company, BMS Associates Limited.

### 2. Other income

	2006 £	2005 £
Investment income	119,915	6,516
Dividends Receivable	11,226	–
	<u>131,141</u>	<u>6,516</u>

### 3. Administrative expenses

	2006 £	2005 £
Staff costs		
Salaries	6,000	9,995
Other pension costs	–	697
	<u>6,000</u>	<u>10,692</u>
Auditors' remuneration - audit services	1,740	1,832
Other administrative expenses	491,687	714,857
Management charge	277,831	256,025
	<u>777,258</u>	<u>983,406</u>

No additional services were provided by the auditors during the year

# Notes to the Accounts

at 31 December 2006

## 4. Directors and employees

The average number of employees during the year was nil (2005 - nil)

The emoluments of the directors in the current and preceding financial years were borne by other group companies

## 5. Tax credit on loss on ordinary activities

	2006 £	2005 £
The taxation credit comprises		
<b>Current tax</b>		
UK Corporation tax at 30% (2005 - 30%)	(193,240)	(363,826)
Prior years' (over) provision	-	(3,391)
Total current tax credit	(193,240)	(367,217)
<b>Deferred tax</b>		
- Origination and reversal of timing differences	5,836	7,782
- Prior years' underprovision	-	245,434
Tax on loss on ordinary activities	(187,404)	(114,001)

### Factors affecting the tax credit for the year

The tax rate for the year is different from than the standard rate of tax in the UK (30%) The differences are explained below

	2006 £	2005 £
Loss on ordinary activities before tax	(646,117)	(976,890)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 - 30%)	(193,835)	(293,067)
Effects of		
Expenses not deductible for tax purposes	6,431	-
Timing differences	(5,836)	(70,759)
Prior years' (over) provision	-	(3,391)
Current tax (credit) for the year	(193,240)	(367,217)

## Notes to the Accounts

at 31 December 2006

### 6. Tangible fixed assets

	<i>Computer, equipment and software £</i>	<i>Office equipment £</i>	<i>Total £</i>
Cost			
At 1 January 2006	795,449	484,845	1,280,294
Disposal	(473,994)	-	(473,994)
At 31 December 2006	321,455	484,845	806,300
Accumulated depreciation			
At 1 January 2006	795,449	484,845	1,280,294
Disposals	(473,994)	-	(473,994)
At 31 December 2006	321,455	484,845	806,300
Net book value at 31 December 2006	-	-	-
Net book value at 31 December 2005	-	-	-

## Notes to the Accounts

at 31 December 2006

### 7. Fixed asset investments

	<i>Unlisted investments £</i>	<i>Shares in subsidiary and associated undertakings £</i>	<i>Total £</i>
Cost			
At 1 January and 31 December 2006	50,000	1,561,717	1,611,717
Provision			
At 1 January and 31 December 2006	50,000	1,498,026	1,548,026
Net book value at 31 December 2006	–	63,691	63,691
Net book value at 31 December 2005	–	63,691	63,691

The undertakings at 31 December 2006 were as follows

<i>Name of company</i>	<i>Country of registration (or incorporation)</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
<i>Subsidiaries</i>				
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
<i>Associates</i>				
International Reinsurance Brokers Limited	England	Ordinary shares	50%	Reinsurance broking

### 8. Debtors

	<i>2006 £</i>	<i>Restated 2005 £</i>
Insurance broking debtors	26,115,255	32,761,927
Insurance broking debtors owed by fellow subsidiary undertakings	3,105,082	3,814,149
Amounts owed by fellow group undertakings	1,834,746	1,069,534
Other debtors	–	58,474
Deferred tax	17,511	23,347
Corporation tax	193,240	363,826
	<u>31,265,834</u>	<u>38,091,257</u>

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

## Notes to the Accounts

at 31 December 2006

### 9. Cash at bank and in hand

	2006 £	2005 £
Non-insurance bank accounts	—	342,054
	—	342,054

### 10. Creditors: amounts falling due within one year

	2006 £	Restated 2005 £
Insurance broking creditors	30,211,144	37,121,919
Other creditors	306,804	60,000
Accruals	1,661	46,454
	30,519,609	37,228,373

### 11. Deferred tax asset

	2006 £	2005 £
Accelerated capital allowances	17,511	23,347
	17,511	23,347

### 12 Share capital

	2006 £	2005 £
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

### 13. Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Opening equity shareholders' funds	1,268,629	2,131,518
Loss attributable to shareholders	(458,713)	(862,889)
Closing equity shareholders' funds	809,916	1,268,629



## Notes to the Accounts

at 31 December 2006

### 14. Pensions

The BMS Group operates two defined benefit pension schemes, both of which are closed to new employees, and one of which is held in the name of BMS Harris & Dixon Insurance Brokers Limited. As discussed in Note 4 the company has no employees and all scheme members are now employed by various other group entities. The surplus of the scheme is recognised in the consolidated balance sheet of the ultimate parent undertaking, BMS Associates Limited.

The most recent actuarial valuations were 1 September 2005 and 31 December 2005. The total direct contributions made to the defined benefit schemes by the company in the year were £Nil (2005 - £Nil).

Based on the recommendation of the actuaries, the ongoing funding rate for the Pension and Assurance Scheme of BMS Associates Ltd is 20.2% of pensionable salaries, and for BMS Harris & Dixon Insurance Brokers Ltd Pension and Life Assurance Scheme 25.1% of pensionable salaries.

Further details of the defined benefit schemes, as required under FRS 17, can be found in the Accounts of the ultimate parent company, BMS Associates Limited. The BMS Group also operates three defined contribution pension schemes, the assets being held separate from the BMS Group in independently administered funds. The total paid by the company into these schemes in the year was £Nil (2005 - £Nil). There were no prepaid or outstanding contributions by the Company at year end (2005 - £Nil).

### 15. 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.

### 16. 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, One America Square, London, EC3N 2LS.