

All Counties Insurance Company Limited

Annual Report and Accounts

For the period ending
3 March 2007



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All Counties Insurance Company Limited
Directors and Officers

Directors

G Ball
C Cotterill
N Gresham
S Harper

Secretary

C J Holmes

Registered Office

489 - 499 Avebury Boulevard
Saxon Gate West
Central Milton Keynes
Buckinghamshire
MK9 2NW

Registered Auditors

PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

All Counties Insurance Company Limited

Directors' Report

The directors present their report and the audited financial statements of the Company for the 49 week period ended 3 March 2007

Principal activities, business review and future developments

The Company ceased to transact new general insurance business contracts in October 2003, and since then has entered into a run-off programme of the existing policies for which the Company still remains at risk

During the period the directors obtained FSA approval to enact a Part VII transfer of the Company's remaining insurance liabilities to a third party insurance company, the directors expect this transfer to be completed within the next financial period. Accordingly the directors have made a provision within these accounts to cover the costs they expect to be incurred in order to close down the Company's insurance operations (note 10)

Results and dividends

The loss for the financial period was £354,000 (2006 profit £151,000). No dividend was paid nor proposed to be paid in respect of this financial period (2006 £Nil)

Directors

The directors that held office during the year were as follows

G Ball
C Cotterill
N Gresham
S Harper

There were no new appointments or resignations after the year end

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial year that 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 year. 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 that 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

The directors confirm that they have complied with the above requirements

All Counties Insurance Company Limited

Directors' Report (continued)

Statement of disclosure of information to auditors

For all persons who are directors at the time of the approval of the annual report

- a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- b) each director has taken all the steps necessary as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Financial risk management objectives

The Company is exposed to financial risk through its financial assets, reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from policies as they fall due. The most important components of this financial risk are credit risk and liquidity risk.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

Key areas where the Company is exposed to credit risk are

- reinsurers' share of insurance liabilities,
- amounts due from reinsurers in respect of claims already paid, and
- financial deposits held with banking institutions

The Company places limits on its exposure to a single counterparty, or company's of counterparty, and where relevant to demographic segments.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim, the Company remains liable for the payment to the policyholder.

The run-off status of the Company means that no new re-insurance contracts have been entered into during the year, however, the creditworthiness of the Company's existing reinsurers is considered at least annually by the Board by reviewing their financial strength and their recent payment history.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Board sets limits on the minimum funds available to meet such calls and also to cover anticipated liabilities and unexpected levels of demand.

Elective resolutions

The Company has passed elective resolutions to dispense with the holding of annual general meetings and the laying of the annual report and accounts before the Company in general meetings, until such time as the elections are revoked.

All Counties Insurance Company Limited
Directors' Report (continued)

Auditors

The Company has passed an elective resolution dispensing with the requirement to re-appoint auditors annually
PricewaterhouseCoopers LLP therefore continue in office

By order of the board



M H A Willis

Secretary

Date 14/05/07

Independent Auditors' report to the members of All Counties Insurance Company Limited

We have audited the financial statements, which comprise the profit and loss technical and non-technical accounts, balance sheet and the related notes, which have been prepared in accordance with the accounting policies set out in the statement of accounting policies

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 in to 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 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 is not disclosed

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements The other information comprises only the directors' report

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 information in the financial statements

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 3 March 2007 and of the loss for the period then ended, they 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
Manchester

14 May 2007

All Counties Insurance Company Limited
Profit and Loss Account for the period ended 3 March 2007

Technical Account - General Business

	Notes	£'000	Period ended 3 March 2007 £'000	12 months ended 31 March 2006 £'000
Gross premiums written	3	3	4	
Outward reinsurance premiums	3	-	-	
Net premiums written			3	4
Change in the gross provision for unearned premiums			-	-
Earned premiums net of reinsurance	3		3	4
Claims paid				
Gross amount		(48)	-	
Reinsurers' share		31	24	
Net claims paid		(17)	24	
Change in the provision for claims				
Gross amount		273	(302)	
Reinsurers' share		(46)	2	
Change in the net provision for claims		227	(300)	
Claims incurred net of reinsurance			210	(276)
Net operating expenses	3		(691)	14
Balance on technical account for general business			(478)	(258)

The above results all relate to discontinued activities

The notes on pages 9 to 14 form an integral part of these accounts

All Counties Insurance Company Limited
Profit and Loss Account for the period ended 3 March 2007

Non Technical Account

		Period ended 3 March 2007 £'000	12 months ended 31 March 2006 £'000
	Notes		
Balance on the general business technical account		(478)	(258)
Investment income - interest receivable		<u>478</u>	<u>474</u>
Profit on ordinary activities before tax		-	216
Tax on profit on ordinary activities	5	(354)	(65)
(Loss) / profit for the financial period		<u>(354)</u>	<u>151</u>

There is no difference between the profit on ordinary activities before taxation and the result for the period stated above and their historical cost equivalents

The Company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 9 to 14 form an integral part of these accounts

All Counties Insurance Company Limited
Balance Sheet as at 3 March 2007

		3 March 2007 £'000	31 March 2006 £'000
Assets	Notes		
Investments			
Other financial investments	6	<u>2,900</u>	<u>2,900</u>
Reinsurers' share of technical provisions			
Claims outstanding		<u>1</u>	<u>47</u>
		<u>1</u>	<u>47</u>
Debtors			
Other debtors	7	<u>30</u>	<u>1,065</u>
		<u>30</u>	<u>1,065</u>
Other assets			
Cash at bank and in hand		<u>7,850</u>	<u>6,832</u>
Prepayments and accrued income			
Accrued interest and rent		<u>14</u>	<u>33</u>
		<u>14</u>	<u>33</u>
Total assets		<u>10,795</u>	<u>10,877</u>
Liabilities			
Capital and reserves			
Called up share capital	11	<u>250</u>	<u>250</u>
Profit and loss account	8	<u>9,126</u>	<u>9,480</u>
Total equity shareholders' funds	12	<u>9,376</u>	<u>9,730</u>
Technical provision			
Provision for unearned premiums		<u>2</u>	<u>2</u>
Claims outstanding		<u>332</u>	<u>605</u>
		<u>334</u>	<u>607</u>
Provisions for liabilities and charges	10	<u>650</u>	<u>-</u>
Creditors			
Creditors arising out of direct insurance operations	9	<u>-</u>	<u>2</u>
Other creditors	10	<u>435</u>	<u>538</u>
		<u>435</u>	<u>540</u>
Accruals and deferred income		<u>-</u>	<u>-</u>
Total liabilities		<u>10,795</u>	<u>10,877</u>

The notes on pages 9 to 14 form an integral part of these accounts. The accounts on pages 6 to 14 were approved by the Board of Directors' and were signed on their behalf by


N Gresham

Director

Date 14/5/7

All Counties Insurance Company Limited

Notes to the financial statements for the period ended 3 March 2007

1. Accounting Policies

Basis of accounting

The accounts have been prepared in accordance with Section 255 of, and the special provisions relating to insurance companies of Schedule 9A to, the Companies Act 1985 and with the Statement Of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers dated December 2005

The accounting policies adopted reflect United Kingdom financial reporting standards and statements of standard accounting practice applicable at 3 March 2007, as considered appropriate for an insurance company. A summary of the more important accounting policies which have been applied consistently, unless otherwise stated, is set out below

General business

General insurance premiums written reflect business inception during the year. General insurance unearned premiums are those proportions of premiums written in the year that relate to periods of risk beyond the balance sheet date.

Claims incurred comprise all claims occurring during the year, whether reported or not, together with any handling costs and any adjustment to claims outstanding from previous years.

Investments and investment income

Investment balances represent deposits with credit institutions and are valued at historic cost less any provisions for impairment. Investment income consists of interest income and is included in the accounts on an accruals basis.

Deferred taxation

Deferred taxation is provided in respect of timing differences to the extent that it is probable that a liability will arise in the foreseeable future. Deferred taxation assets have not been recognised to the extent that the transfer of economic benefits in the future is uncertain. There is no discounting of deferred taxation assets and liabilities.

Cash flow statement and related party transactions

The Company is a wholly-owned subsidiary of Home Retail Group plc and is included in the consolidated financial statements of that group, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard (FRS) 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the group or investees of the group where the ultimate parent undertaking, Home Retail Group plc, owns 90% or more of the total shareholding.

All Counties Insurance Company Limited

Notes to the financial statements for the period ended 3 March 2007 (continued)

2. Discontinued operations

On 31 March 1998, the Company ceased writing fire and other property damage insurance business. On 31 October 2003, the Company ceased writing pecuniary loss insurance business. This business has been classified as discontinued within the financial statements. All operations are now therefore classed as discontinued operations.

3. Segmental information

General Insurance Business

<u>Written premiums</u>	Period ended 3 March 2007			12 months ended 31 March 2006		
	Gross	Re-insurance ceded	Net	Gross	Re-insurance ceded	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Direct Insurance						
Accident and health	3	-	3	4	-	4
Pecuniary loss	-	-	-	-	-	-
Net written premiums	<u>3</u>	<u>-</u>	<u>3</u>	<u>4</u>	<u>-</u>	<u>4</u>

All gross premiums are written in the United Kingdom.

<u>Earned premiums</u>	Period ended 3 March 2007			12 months ended 31 March 2006		
	Gross	Re-insurance ceded	Net	Gross	Re-insurance ceded	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Direct Insurance						
Accident and health	3	-	3	4	-	4
Pecuniary loss	-	-	-	-	-	-
Net earned premiums	<u>3</u>	<u>-</u>	<u>3</u>	<u>4</u>	<u>-</u>	<u>4</u>

<u>Incurred claims</u>	Period ended 3 March 2007			12 months ended 31 March 2006		
	Gross	Re-insurance ceded	Net	Gross	Re-insurance ceded	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Direct Insurance						
Accident and health	(200)	-	(200)	200	-	200
Pecuniary loss	(25)	(15)	(10)	102	26	76
Incurred claims	<u>(225)</u>	<u>(15)</u>	<u>(210)</u>	<u>302</u>	<u>26</u>	<u>276</u>

All Counties Insurance Company Limited

Notes to the financial statements for the period ended 3 March 2007 (continued)

3. Segmental information (continued)

	Period ended 3 March 2007 £'000	12 months ended 31 March 2006 £'000
<u>Operating expenses</u>		
Direct insurance		
Accident and health	20	(10)
Pecuniary loss	21	(4)
	<u>41</u>	<u>(14)</u>

The £650,000 provision for closure costs has not been allocated between segments as it is considered to be a central cost

	Period ended 3 March 2007 £'000	12 months ended 31 March 2006 £'000
<u>Operating profit</u>		
Direct insurance		
Accident and health	84	(186)
Pecuniary loss	88	(72)
	<u>172</u>	<u>(258)</u>

The £650,000 provision for closure costs has not been allocated between segments as it is considered to be a central cost

	Period ended 3 March 2007 £'000	12 months ended 31 March 2006 £'000
<u>Net operating expenses</u>		
Write back of accruals and provisions no longer required	-	(60)
Provision for closure costs (note 10)	650	-
Administrative expenses	41	46
	<u>691</u>	<u>(14)</u>

The total commission incurred during the year in respect of direct insurance is £Nil (2006 £Nil)

All Counties Insurance Company Limited

Notes to the financial statements for the period ended 3 March 2007 (continued)

4. Directors and employees

The directors were remunerated by Argos Limited, a fellow subsidiary of Home Retail Group plc, and received no remuneration in relation to their services to the Company in the current or the previous year. No costs were allocated to the Company in respect of their services because it was not considered material in relation to the Company.

Retirement benefits are accruing to four (2006: four) directors under a defined benefit scheme.

5. Tax on loss on ordinary activities

Non technical account - Ordinary activities

Current tax:

UK Corporation Tax at 30% (2006: 30%)

Adjustments in respect of prior periods

Period ended 3 March 2007 £'000	12 months ended 31 March 2006 £'000
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-	65
354	-
354	65

The tax assessed for the prior period is different to the standard rate of corporation tax in the UK (30%) as explained below.

Period ended 3 March 2007 £'000	12 months ended 31 March 2006 £'000
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Profit on ordinary activities before tax

Profit on ordinary activities multiplied by the standard rate in the UK (30%)

Adjustments in respect of prior periods

Current tax charge for the period

-	216
-	65
354	-
354	65

6. Investments

	3 March 2007 Current Value £'000		31 March 2006 Current Value £'000
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Deposits with credit institutions

2,900	2,900	2,900	2,900
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7. Other debtors

3 March 2007 £'000	31 March 2006 £'000
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Amounts due from parent company

Other debtors

-	1,033
30	32
30	1,065

All Counties Insurance Company Limited

Notes to the financial statements for the period ended 3 March 2007 (continued)

8. Reserves	Profit & loss account
	£'000
As at 1 April 2006	9,480
Loss for the financial period	(354)
As at 3 March 2007	9,126

9. Creditors arising out of direct insurance operations	3 March 2007	31 March 2006
	£'000	£'000

Amounts falling due within one year:

Amounts due to other intermediaries	-	2
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10. Other creditors	3 March 2007	31 March 2006
	£'000	£'000

Amounts falling due within one year:

Taxation and social security	430	535
Accruals and deferred income	5	3
	435	538

Provisions for liabilities and charges

Provision for closure costs	650	-
	650	-

During the period the directors obtained FSA approval to enact a Part VII transfer of the Company's remaining insurance liabilities to a third party insurance company, the directors expect this transfer to be completed within the next financial period. The above provision for closure costs represents the directors' best estimate of the costs expected to be incurred in order to close down the Company's insurance operations.

11. Share capital	3 March 2007	31 March 2006
	£	£

Authorised:

250,000 (2006 250,000) ordinary shares at £1 each	250,000	250,000
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Allotted, issued and fully paid:

250,000 (2006 250,000) ordinary shares at £1 each	250,000	250,000
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12. Reconciliation of movements in equity shareholders' funds	3 March 2007	31 March 2006
	£'000	£'000

(Loss) / profit for the period	(354)	151
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Net addition to shareholders' funds	(354)	151
Opening shareholders' funds	9,730	9,579
Closing shareholders' funds	9,376	9,730

All Counties Insurance Company Limited

Notes to the financial statements for the period ended 3 March 2007 (continued)

13. Ultimate parent undertakings

The Company's immediate parent undertaking is Hampden Group Limited. The Company's ultimate parent undertaking is Home Retail Group plc, a company registered in England and Wales. The Company's controlling and ultimate controlling party is Home Retail Group plc, by virtue of its indirect 100% shareholding in the Company. The largest and smallest group of undertakings for which group accounts have been prepared is that of Home Retail Group plc. Copies of these accounts are available from its registered office at 489-499 Avebury Boulevard, Saxon Gate West, Central Milton Keynes, MK9 2NW.