

**Company number 2706280**

**BFSL Limited**  
**Report and Financial Statements**  
**Year Ended**  
**30 June 2005**



**BFSL LIMITED**

**Annual report and financial statements for the year ended 30 June 2005**

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**Directors**

S Klinkert  
PA Winslow  
IR Leech

**Secretary and  
registered Office**

NE Wright  
Pegasus House  
Bakewell Road  
Orton Southgate  
Peterborough  
PE2 6YS

**Auditors**

Moore Stephens  
Chartered Accountants  
St Paul's House  
Warwick Lane  
London  
EC4M 7BP

## **BFSL LIMITED**

### **Report of the directors for the year ended 30 June 2005**

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The directors present their report together with the audited financial statements for the year ended 30 June 2005.

#### **Results and dividends**

The results of the group for the year are set out on page 5 and show a profit before taxation of £ 10,708,906 (2004: £8,089,534)

The company has paid an interim dividend of 60p per ordinary share and a final dividend of 80p per share giving a total dividend payment on ordinary shares of £7,000,000 (2004: £3,000,000).

#### **Principal activities, trading review and future developments**

The company's principal activity is that of a marketing and management company and credit provision relating to financial services. The principal activities of the company's subsidiary undertakings is that of insurance intermediary services. Three of the group subsidiaries, namely BISL Ltd, Budget Retail Ltd and ACM(ULR) Ltd became authorised and regulated by the Financial Services Authority (FSA) from January 2005 onwards.

The group shares resources with fellow subsidiaries of Budget Group Limited, its immediate parent company. In order to improve operating efficiencies within the business, personnel and infrastructure services are provided by Budget Group Limited, which raises a management charge in respect of all services provided.

The directors are satisfied with the period under review and are confident of future prospects.

Since the year end, BFSL Limited has received a dividend of £5 million from its subsidiary BISL Limited. On the same day, the directors declared and paid a dividend of £1 per share. There have been no other events since the balance sheet date that materially affect position of the Company.

#### **Charitable and political contributions**

Charitable donations of £49,616 (2004:£22,045) have been disclosed in the financial statements of the immediate parent company, Budget Group Limited.

#### **Directors**

The directors of the company during the year and their beneficial interests in the ordinary share capital of the company were as follows:

	<b>Ordinary shares of £1 each</b>	
	<b>2005 £</b>	<b>2004 £</b>
S Klinkert	125,000	125,000
PA Winslow	250,000	250,000
IR Leech	-	-
	<hr/>	<hr/>

#### **Employment of disabled persons**

During the year, the group gave full and fair consideration to applications for employment by disabled persons, having regard to their particular aptitudes and abilities and to appropriate vacancies. The group will continue to ensure that disabled employees are considered on the same basis as any other member of staff with regard to training, career development and promotion.

## **BFSL LIMITED**

### **Report of the directors for the year ended 30 June 2005 (*continued*)**

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#### **Employee involvement**

The group holds regular meetings for its employees with the aim of disseminating financial and non-financial information on matters of concern and of interest to them as employees. These meetings also give the employees the opportunity to make their views known so that they can be taken into account in making decisions that are likely to affect their interests.

#### **Corporate Governance**

The group is committed to high standards of corporate governance appropriate to the size and nature of the business. The 'Board' is the governing body of the group. It comprises of the Chairman, Executive Directors and two Non-executive Directors.

The Executive Directors (with the exception of the Chairman) and one non-executive Director of the Company meet as the Advisory Board, a sub-committee of the full Board of Budget Group Limited, which is the parent company of BFSL Limited. This Board is responsible for the strategic management of the business and all operational matters pertaining there from. The Advisory Board has management authority over all subsidiaries within the Group and accordingly individual Board meetings for subsidiaries are restricted to statutory and certain operational matters.

Three of the group companies, namely BISL Ltd, Budget Retail Ltd and ACM(ULR) Ltd are authorised and regulated by the Financial Services Authority (FSA) and as a result, achieve a comprehensive level of monitoring, compliance, regulation and risk assessment.

The Advisory Board has established certain sub-committees, which focus upon key aspects of the business including in particular the Audit Committee and the Group Risk Committee.

The Audit Committee meets monthly and reports quarterly to the Board of Budget Group Limited. Its terms of reference include the review of regulatory compliance; monitoring the scope, independence, objectivity and effectiveness of the audit process; ensuring that management addresses external auditors' recommendations and observations; reviewing the programme and effectiveness of the internal audit function; and monitoring the effectiveness of internal controls.

The Group Risk Committee meets monthly and reports quarterly to the Board of Budget Group Limited. Its purpose is the development and implementation of a risk management framework in order to ensure that risks are assessed and effectively managed. Its terms of reference include developing and implementing processes for identifying, measuring, managing and controlling risks; and receiving, reviewing and commissioning reports in relation to risk management activities. This includes reports on exposure, breaches of policy and remedial activities from various areas in the business.

#### **Reappointment of auditors**

Moore Stephens has stated that it is intending to transfer its business to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, to be called Moore Stephens LLP, on 3 October 2005. The Directors have consented to treating the appointment of Moore Stephens as extending to Moore Stephens LLP with effect from 3 October 2005. A resolution to re-appoint Moore Stephens LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

#### **On Behalf of the Board**



IR Leech  
Director

27 September 2005

**BFSL LIMITED****Statement of directors' responsibilities**

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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 group and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **BFSL LIMITED**

## **Report of the auditors**

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### **Independent Auditors' Report to the Shareholders of BFSL Limited**

We have audited the financial statements of BFSL Limited for the year ended 30 June 2005 set out on pages 5 to 19. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 8-10.

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**

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 law and United Kingdom 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 and other members of the group 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.

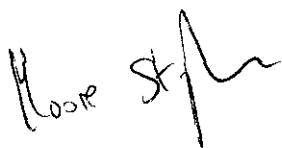
### **Basis of opinion**

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 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 and the group at 30 June 2005 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**MOORE STEPHENS**

Chartered Accountants and Registered Auditors London

30 SEPTEMBER 2005

**BFSL LIMITED****Consolidated profit and loss account for the year ended 30 June 2005**

	<b>Note</b>	<b>2005 £</b>	<b>2004 £</b>
Turnover	2	106,728,795	94,964,318
Operating expenses	3	91,950,353	83,348,788
<b>Operating Profit before interest and taxation</b>		<b>14,778,442</b>	<b>11,615,530</b>
Interest receivable	4	1,790,689	196,668
Interest payable and similar charges	5	(5,860,225)	(3,722,664)
<b>Profit on ordinary activities before taxation</b>		<b>10,708,906</b>	<b>8,089,534</b>
Tax on profit on ordinary activities	6	(3,536,393)	(2,657,959)
<b>Profit on ordinary activities after taxation</b>	20	<b>7,172,513</b>	<b>5,431,575</b>
Dividend paid	7	(7,000,000)	(3,000,000)
<b>Profit for the financial year transferred to reserves</b>	19	<b>172,513</b>	<b>2,431,575</b>

The company has no recognised gains or losses other than those included in the profit and loss account set out above, and therefore no separate statement of total recognised gains and losses has been prepared.

The notes on pages 8 to 19 form part of these financial statements.

**BFSL LIMITED**
**Consolidated balance sheet at 30 June 2005**

			2005		2004
	Note	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	13		40,451,304		41,039,399
Tangible assets	12		3,700,982		1,067,935
			<hr/>		<hr/>
			44,152,286		42,107,334
<b>Current assets</b>					
Debtors	15	41,884,905		53,234,569	
Cash at bank and in hand		3,332,653		3,166,113	
		<hr/>		<hr/>	
		45,217,558		56,400,682	
<b>Creditors: amounts falling due within one year</b>	16	(69,153,027)		(63,715,080)	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			(23,935,469)		(7,314,398)
<b>Total assets less current liabilities</b>			<hr/>		<hr/>
			20,216,817		34,792,936
<b>Creditors: amounts falling due after more than one year</b>	17		(1,204,560)		(16,000,000)
<b>Provision for liabilities and charges</b>	8		(46,808)		-
			<hr/>		<hr/>
<b>Net assets</b>			18,965,449		18,792,936
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	18		5,000,000		5,000,000
Profit and loss account	19		13,965,449		13,792,936
			<hr/>		<hr/>
<b>Shareholders' funds – equity</b>	20		18,965,449		18,792,936
			<hr/>		<hr/>

The financial statements were approved by the Board on

  
PA Winslow  
Director

  
IR Leech  
Director

27 September 2005

The notes on pages 8 to 19 form part of these financial statements.



**BFSL LIMITED**
**Company balance sheet at 30 June 2005**

	Note	£	2005 £	£	2004 £
<b>Fixed assets</b>					
Intangible assets	13		16,872,556		6,750,000
Investments	14		31,952,834		39,950,481
			<hr/>		<hr/>
			48,825,390		46,700,481
<b>Current assets</b>					
Debtors	15	29,648,576		39,546,466	
<b>Creditors: amounts falling due within one year</b>	16	<u>(70,650,656)</u>		<u>(59,480,063)</u>	
<b>Net current liabilities</b>			(41,002,080)		(19,933,597)
<b>Total assets less current liabilities</b>			<hr/>		<hr/>
			7,823,310		26,766,884
<b>Creditors: amounts falling due after more than one year</b>	17		-		(16,000,000)
			<hr/>		<hr/>
<b>Net assets</b>			<hr/>		<hr/>
			7,823,310		10,766,884
<b>Capital and reserves</b>					
Called up share capital	18		5,000,000		5,000,000
Profit and loss account	19		2,823,310		5,766,884
			<hr/>		<hr/>
<b>Shareholders' funds - equity</b>	20		<hr/>		<hr/>
			7,823,310		10,766,884

The financial statements were approved by the Board on

27 September 2005



PA Winslow  
Director



IR Leech  
Director

The notes on pages 8 to 19 form part of these financial statements.

## **BFSL LIMITED**

### **Notes forming part of the financial statements for the year ended 30 June 2005**

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#### **1. Accounting policies**

The financial statements are prepared under the historical cost convention modified by fair value adjustments for fixed assets transferred to Budget Retail Limited and are in accordance with applicable accounting standards.

The directors are required under FRS 18 to consider and disclose any material uncertainties that may cast doubt on the ability of the group to pay its debts as they fall due. Notwithstanding that the balance sheet shows net current liabilities at 30 June 2005 the directors are of the opinion that there are no such uncertainties. In reaching their opinion, the directors have taken into account that, the group has banking facilities in place to meet its requirements, it has secured the support of its shareholders and the strong trading performance reflected in these accounts is expected to continue for the foreseeable future. The net current liabilities have increased at the year-end as the group temporarily used its surplus funds against a long-term loan facility.

The following principal accounting policies have been applied.

#### **Basis of consolidation**

The group accounts consolidate the accounts of the company and its subsidiaries using the acquisition method of accounting. All companies within the group make up their accounts to the same date.

Results of subsidiary undertakings and branches acquired during the financial year are included in the group profit or loss from the effective date on which control passes. For this purpose the separable net assets of newly acquired subsidiary undertakings and branches are incorporated into the financial statements on the basis of the fair value to the group as at the effective date of control.

#### **Intangible assets**

Under FRS 10 and FRS 11, acquired goodwill is capitalised and its subsequent measurement (via annual impairment review or an annual amortisation charge) is determined based on the individual circumstances of each business acquired.

In accordance with FRS 10 the group has concluded that goodwill reported in the financial statements should not be amortised as it has an indefinite useful life. The group's annual results include significant amounts of expenditure in support of these amounts. Thus, the investment is considered to have indefinite durability that can be demonstrated, and the value of the investment can be readily measured.

Brands are stated at cost and are not amortised.

The group has not amortised the goodwill and brands, a departure from the companies Act 1985 Paragraph 21 of Schedule 4, for the over-riding purpose of giving a true and fair view of the group's results.

#### **Acquisition of books of business**

Books of business are, typically, acquired to enhance an already extant business and thus sustain the value of that business stream and are thus written off as revenue expenditure over the period of the associated income stream. Such expenditure is, in essence, equivalent to new business marketing in nature, and does not satisfy capitalisation criteria laid down in relevant accounting standards.

#### **Brokerage income**

Income consists of commission and fees on insurance business transacted. Credit is taken for earned brokerage, commission and fees at the point of which the company becomes contractually entitled to it. Alteration in brokerage arising from premium adjustments is accounted for when such payments are made.

**BFSL LIMITED****Notes forming part of the financial statements for the year ended 30 June 2005 (continued)**

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**1. Accounting policies (continued)****Depreciation of tangible assets**

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets evenly over their expected lives. It is calculated at the following annual rates:

Freehold Land and buildings	-	2% per annum
Computer equipment	-	25% per annum
Office furniture and equipment	-	20% per annum
Fixtures and fittings	-	33% per annum
Fixtures and fittings – Branch assets	-	6.67% - 10% per annum
Motor vehicles	-	25% per annum
Leaseholds	-	Over the term of the lease

**Investments**

Investments held as fixed assets are stated at cost less any provision for a permanent diminution in value.

**Software development costs**

Software costs, relating to the maintenance and enhancement of existing systems, are written off to the profit and loss account as incurred. Costs relating to development projects, for which there is an associated income stream, are capitalised in accordance with current accounting standards, as an intangible asset. The costs are then matched against the future income stream.

**Taxation**

The charge for taxation is based on the result for the year at current rates and takes into account deferred taxation. Taxation is paid by the ultimate UK parent company, Budget Group Limited, where the year end balance is disclosed.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Leased assets**

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital element reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

**Grants income receivable**

Income from government grants is recognised when received.

**BFSL LIMITED****Notes forming part of the financial statements for the year ended 30 June 2005 (continued)****Pension costs**

Contributions to the group's money purchase pension scheme are charged to the profit and loss account in the year in which they become payable.

**Insurance Assets and Liabilities**

The group acts as an agent in broking the insurance risks of its clients, and generally is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the company's legal relationship with clients and underwriters, it has followed generally accepted accounting practice for insurance intermediaries by showing debtors, creditors and cash balances relating to insurance business as assets and liabilities of the company itself. In the ordinary course of insurance broking business, settlement is required to be made with certain market settlement bureaux or insurance intermediaries on the basis of the net balance due to or from the bureau or intermediary in question rather than the amount due to or from the individual third parties, which it represents. This basis of settlement is reflected in the amounts included in the insurance debtors and creditors.

**Foreign Exchange**

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account. The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange.

**2. Turnover**

	2005 £	2004 £
Analysis by class of business:		
Brokerage income	105,703,194	94,964,318
Other income	1,025,601	-
	<hr/> 106,728,795	<hr/> 94,964,318
Analysis by geographical market:		
<i>By origin</i>		
United Kingdom	105,703,194	94,964,318
South Africa	1,025,601	-
	<hr/> 106,728,795	<hr/> 94,964,318
<i>By destination</i>		
United Kingdom	106,728,795	94,964,318

The segmental disclosure of the net assets and the profit and loss account of BFSL Limited has not been disclosed as it is considered by the directors that it would be prejudicial to the interest of the group.

**BFSL LIMITED**Notes forming part of the financial statements for the year ended 30 June 2005 *(continued)***3. Operating expenses**

	<b>Continuing Operations</b>	
	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Depreciation – Owned Assets	587,066	-
Depreciation – Leased Assets	198,485	-
Operating lease rentals- others	112,791	-
Amortisation of software development costs	392,010	360,424
Auditors remuneration		
- Primary audit services	85,050	69,523
- Secondary audit services	4,647	-
Other operating charges	90,570,304	82,918,841
	<hr/>	<hr/>
	91,950,353	83,348,788
	<hr/> <hr/>	<hr/> <hr/>

Additionally personnel and infrastructure services were provided by the parent company, Budget Group Limited. Budget Group Limited subsequently raised a management charge in respect of all services provided. Auditors' remuneration stated above includes £7,050 (2004 £5,523) in relation to BFSL Limited.

**4. Interest receivable**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Interest receivable from group undertakings	1,328,791	-
Other interest receivable	461,898	196,668
	<hr/>	<hr/>
	1,790,689	196,668
	<hr/> <hr/>	<hr/> <hr/>

**5. Interest payable**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	4,052,508	3,524,866
Interest payable to group undertakings	1,427,334	197,798
Finance lease interest	380,383	-
	<hr/>	<hr/>
	5,860,225	3,722,664
	<hr/> <hr/>	<hr/> <hr/>

**BFSL LIMITED****Notes forming part of the financial statements for the year ended 30 June 2005 (continued)****6. Corporation tax**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Adjustment in respect of prior years	-	79,588
UK corporation tax charge for the year	2,639,988	2,486,986
Group relief	849,597	-
	<hr/>	<hr/>
	3,489,585	2,566,574
<b>Deferred taxation</b>		
Origination and reversal of timing differences	46,808	92,385
	<hr/>	<hr/>
Tax on profits on ordinary activities	<hr/> 3,536,393	<hr/> 2,657,959

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current year and the previous year differs from the standard rate for the reasons set out in the following reconciliation.

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	10,708,906	8,089,534
	<hr/>	<hr/>
Tax on profit on ordinary activities at standard rate	3,212,672	2,426,860
Effects of:		
Adjustment in respect of prior years	-	79,588
Difference between capital allowances and depreciation	(11,814)	17,595
Other movements	(16,498)	(4,573)
Unrelieved loss in foreign subsidiaries	305,225	142,465
Utilisation of tax losses	-	(96,361)
	<hr/>	<hr/>
	3,489,585	2,565,574
	<hr/>	<hr/>

**BFSL LIMITED**Notes forming part of the financial statements for the year ended 30 June 2005 (*continued*)**7. Dividends paid**

	2005 £	2004 £
<b>Company</b>		
Ordinary dividend paid – £0.60 per share	3,000,000	3,000,000
Ordinary dividend paid – £0.80 per share	4,000,000	-
	<u>7,000,000</u>	<u>3,000,000</u>

**8. Provision for deferred taxation**

Provision for deferred taxation consists of the following amounts

	2005 £	2004 £
Capital allowances for year in excess of depreciation	46,808	-
Deferred tax asset at the start of the year	-	(92,385)
Deferred tax charge in profit and loss account for year (note 6)	46,808	92,385
Deferred tax liability at the end of the year	<u>46,808</u>	<u>-</u>

**9. Profit for the financial year**

The company has taken advantage of the exemption allowed under Section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The loss after tax of the parent company for the year was £2,943,574 (2004 loss of £96,518).

**10. Employees**

The company's parent, Budget Group Limited supplies all personnel services and employee numbers are disclosed in its financial statements.

**BFSL LIMITED**Notes forming part of the financial statements for the year ended 30 June 2005 (*continued*)**11. Directors**

All director costs were incurred by the immediate parent company, Budget Group Limited. All directors of BFSL Limited are also directors of Budget Group Limited. Disclosure of directors' remuneration is shown in the financial statements of Budget Group Limited.

**12. Tangible assets**

<b>Group</b>	<b>Fixtures and fittings - Branch Assets £</b>	<b>Fixtures and fittings - General £</b>	<b>Office equipment £</b>	<b>Computer equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<i>Cost or valuation</i>						
At 1 July 2004	-	464,792	157,004	446,139	-	1,067,935
Exchange differences	-	(26,828)	(9,063)	(25,755)	-	(61,646)
Additions	443,389	93,000	26,813	127,737	7,500	698,439
Disposals	-	(275,206)	-	(3,399)	-	(278,605)
Transfers	1,759,033	458,883	-	698,222	8,825	2,924,963
At 30 June 2005	2,202,422	714,641	174,754	1,242,944	16,325	4,351,086
<i>Depreciation</i>						
At 1 July 2004	-	-	-	-	-	-
Provision for the year	176,599	263,728	30,415	309,880	2,512	783,134
Disposals	-	(133,030)	-	-	-	(133,030)
Transfers	-	-	-	-	-	-
At 30 June 2005	176,599	130,698	30,415	309,880	2,512	650,104
<i>Net book value</i>						
At 30 June 2005	2,025,823	583,943	144,339	933,064	13,813	3,700,982
At 30 June 2004	-	464,792	157,004	446,139	-	1,067,935

During the year tangible fixed assets valued at £2,924,963 were transferred from Budget Group Limited to a subsidiary of BFSL Limited, Budget Retail Limited. A fair value adjustment was made, a loss for which has been recognised in Budget Group Limited.

Included in the above net book value is an amount of £ 593,053 (2004: £nil) in respect of assets held under finance leases.



**BFSL LIMITED**Notes forming part of the financial statements for the year ended 30 June 2005 (*continued*)**13. Intangible assets**

<b>Group</b>			<b>Capitalised software Costs</b>	
<i>Cost</i>	<b>Goodwill £</b>	<b>Brands £</b>	<b>£</b>	<b>Total £</b>
At 1 July 2004	33,701,304	6,750,000	1,517,138	41,968,442
Additions	-	-	63,081	63,081
Transfer	-	-	(1,580,219)	(1,580,219)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2005	33,701,304	6,750,000	-	40,451,304
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>				
At 1 July 2004	-	-	929,043	929,043
Provision for the year	-	-	358,740	358,740
Transfer	-	-	(1,287,783)	(1,287,783)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
At 30 June 2005	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 June 2005	33,701,304	6,750,000	-	40,451,304
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2004	33,701,304	6,750,000	588,095	41,039,399
	<hr/>	<hr/>	<hr/>	<hr/>

During the year capitalised software costs were transferred to Budget Group Limited at net book value to enable group wide software development to be managed centrally by the group.

**Company**

	<b>Goodwill £</b>	<b>Brands £</b>	<b>Total £</b>
<i>Cost and net book value</i>			
At 30 June 2004	-	6,750,000	6,750,000
Additions	-	-	-
Transfers	10,122,556	-	10,122,556
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 June 2005	10,122,556	6,750,000	16,872,556
	<hr/>	<hr/>	<hr/>

During the year, goodwill of book value of £10,122,556 was transferred into BFSL Limited from Budget Retail Limited and BISL Limited, which are BFSL Limited's subsidiary companies. The purpose of this transfer was, as part of a restructure, to enable the asset to be managed centrally by the group.

**BFSL LIMITED**Notes forming part of the financial statements for the year ended 30 June 2005 (*continued*)**14. Fixed asset investments****Company***Cost and net book value of investments in group undertakings***£**

At 1 July 2004	40,068,685
Additions	497,151

At 30 June 2005	40,565,836
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**Provisions**

At 1 July 2004	118,204
Charge during the year	8,494,798

At 30 June 2005	8,613,002
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**Net book value**

At 30 June 2005	31,952,834
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At 30 June 2004	39,950,481
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The charge for the year relates to writing down the value of investments in certain dormant subsidiaries, to the value of intergroup balances with those companies. There was no effect on the profit and loss account of BFSL Limited.

The following were principal subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements:

<b>Name</b>	<b>Proportion of ordinary share capital held</b>	<b>Nature of Business</b>
BISL Limited	100%	Insurance intermediary
Fusion Contact Centre Services Limited	100%	Insurance intermediary
Budget Retail Limited	100%	Insurance intermediary
ACM ULR Limited	100%	Uninsured loss recovery
Fusion Outsourcing Services (Pty) Limited (South Africa)	100%	Insurance intermediary

In addition to the ordinary shares, BFSL Limited also owns 100% of the issued cumulative preference shares of Budget Retail Limited. The preference shares have a nominal value of £650,000.

**BFSL LIMITED****Notes forming part of the financial statements for the year ended 30 June 2005 (continued)**

<b>15. Debtors</b>	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	21,905,421	22,284,944	12,957,713	16,781,873
Amounts due from group undertakings	2,471,442	13,112,743	5,859,154	11,913,610
Other debtors	15,924,023	15,382,782	10,831,709	10,850,983
Prepayments and accrued income	1,584,019	2,454,100	-	-
	<u>41,884,905</u>	<u>53,234,569</u>	<u>29,648,576</u>	<u>39,546,466</u>

All amounts fall due for payment within one year. Certain trade debts subject to instalment collection arrangements have been securitised.

<b>16. Creditors: amounts falling due within one year</b>	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank overdrafts (secured)	29,884,770	17,762,694	-	-
Bank loans	360,400	4,000,000	-	4,000,000
Trade creditors	28,144,065	24,617,010	-	-
Amounts owed to group undertakings	1,002,469	9,337,938	70,650,656	55,480,063
Other creditors	-	2,244	-	-
Deferred consideration	1,051,991	412,855	-	-
Accruals and deferred income	8,445,486	7,582,339	-	-
Finance lease obligations	263,846	-	-	-
	<u>69,153,027</u>	<u>63,715,080</u>	<u>70,650,656</u>	<u>59,480,063</u>

The bank loans and overdraft are secured by a fixed and floating charge over all the assets.

<b>17. Creditors: amounts falling due after more than one year</b>	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	893,198	16,000,000	-	16,000,000
Finance lease obligations	311,362	-	-	-
	<u>1,204,560</u>	<u>16,000,000</u>	<u>-</u>	<u>16,000,000</u>

These are repayable as follows:

Within one to two years	624,246	4,000,000	-	4,000,000
Within two to five years	580,314	12,000,000	-	12,000,000
	<u>1,204,560</u>	<u>16,000,000</u>	<u>-</u>	<u>16,000,000</u>

**BFSL LIMITED**Notes forming part of the financial statements for the year ended 30 June 2005 (*continued*)**18. Share capital**

	<b>Authorised</b>		<b>Allotted, called up And fully paid</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Ordinary shares of £1 each	5,000,000	5,000,000	5,000,000	5,000,000

**19. Reserves  
Group****Profit  
and loss  
Account  
£**

At 1 July 2004	13,792,936
Profit for the year transferred to reserves	172,513
At 30 June 2005	13,965,449

**Company**

At 1 July 2004	5,766,884
Loss for the year transferred to reserves	(2,943,574)
At 30 June 2005	2,823,310

**20. Reconciliation of movements in shareholders' funds**

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Profit for the financial year	7,172,513	5,431,575	4,056,426	(96,519)
Dividend paid	(7,000,000)	(3,000,000)	(7,000,000)	(3,000,000)
Opening shareholders' funds	18,792,936	16,361,361	10,766,884	13,863,403
Closing shareholders' funds	18,965,449	18,792,936	7,823,310	10,766,884

**BFSL LIMITED**Notes forming part of the financial statements for the year ended 30 June 2005 (*continued*)**21. Commitments under operating leases**

At 30 June 2005, the group had annual commitments under non-cancellable operating leases as set out below.

	2005		2004	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	444,179	4,741	-	-
In one to two years	220,764	6,813	-	-
In two to five years	331,274	1,863	-	-
Over five years	181,231	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,177,448	13,417	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

In 2004 all operating leases were managed and disclosed in Budget Group Limited's accounts.

**22. Contingent liabilities**

The company has entered into an omnibus guarantee in respect of the debts and liabilities arising from the loan and overdraft facilities of Budget Group Limited and all the companies within the BFSL Group. At 30 June 2005 the maximum exposure of these liabilities was £29,653,205 (2004 £38,911,879).

**23. Cash flow statement**

The company has taken advantage of the exemption allowed under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as it is consolidated in the financial statements of its parent company, Budget Group Limited.

**24. Related party transactions**

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8 "Related Party Transactions" not to disclose any transactions with entities that are included in the consolidated financial statements of Budget Group Limited.

**25. Post Balance Sheet Events**

On the 2<sup>nd</sup> of September 2005, BFSL Limited received a dividend of £5 million from its subsidiary BISL Limited. On the same day, Directors declared and paid a dividend of £1 per share. There have been no other events since the balance sheet date that materially affect position of the Company.

**26. Ultimate and immediate holding company**

The accounts of the company are consolidated into those of the immediate parent company, Budget Group Limited, which is incorporated in England and Wales. The directors regard the company to be ultimately controlled by Budget Holdings Limited, a company incorporated in Guernsey.