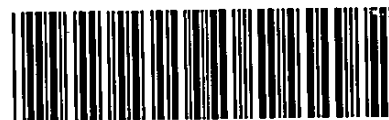


**OBC Insurance Consultants Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2011**

Registered Number 00320321

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# Directors' report

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The directors present their report and the audited financial statements for the year ended 31 December 2011

## Principal activities and business review

The Company did not trade during the year or prior year with the only activity being in respect of intercompany balances written off during 2010 of £677,187

## Results for the year

The directors do not recommend the payment of a dividend (2010 £1,350,000) The loss for the year of £25,000 (2010 £869,129 loss after dividend payment) has been transferred to reserves

## Directors

J R Cobb  
N M Fielden (resigned 3 June 2011)  
N Kapur (appointed 19 January 2012)  
D R Nield (resigned 19 January 2012)

## Directors' interests

Of the directors holding office at 31<sup>st</sup> December 2011, J R Cobb was a director of the ultimate parent company Arbuthnot Banking Group PLC and his interests in the share capital and share options of that company are shown in the Directors' Report of that company

No director had a beneficial interest in shares of the Company during the year

## Risk Management

The Company regards the monitoring and controlling of risks as a fundamental part of the management process. Consequently, senior management are involved in the development of risk management policies and in monitoring their application

The Company's overall approach to managing internal control and financial reporting is described in note 2

## Going Concern

After making appropriate enquiries which assessed strategy, profitability, funding and capital resources, the directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future. The financial statements are therefore prepared on the going concern basis

## Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

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# Directors' report

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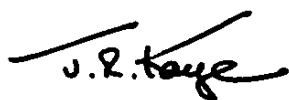
## **Statement of disclosure of information to auditor**

So far as each of the directors are aware, there is no relevant audit information of which the Company's auditor is unaware and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

## **Auditor**

In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the Board



J R Kaye

Secretary  
14 March 2012

# Independent auditor's report

to the members of OBC Insurance Consultants Ltd

We have audited the financial statements of OBC Insurance Consultants Ltd for the year ended 31 December 2011 set out on pages 4 to 11. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

## Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Simon Clark (Senior Statutory Auditor)**  
for and on behalf of KPMG Audit Plc, Statutory Auditor

*Chartered Accountants*

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
14 March 2012

# Statement of comprehensive income

		Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
<b>Discontinued operations</b>	<b>Note</b>		
Other income		-	677
<b>Profit before income tax</b>		-	677
Income tax expense	4	(25)	(196)
<b>(Loss) / profit for the year</b>		<b>(25)</b>	<b>481</b>
<b>(Loss) / profit attributable to:</b>			
Equity holders of the Company		(25)	481
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		(25)	481

The Company has no recognised gains and losses other than those included in the results above

*The notes on pages 8 to 11 are an integral part of these financial statements*

# Statement of financial position

	At 31 December	
	2011	2010
	£000	£000
<b>ASSETS</b>		
Current tax asset	1	-
Amounts due from related companies	94	1,004
<b>Total assets</b>	<b>95</b>	<b>1,004</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Current tax liability	-	207
Amounts due to related companies	-	677
<b>Total liabilities</b>	<b>-</b>	<b>884</b>
<b>Equity attributable to owners of the parent</b>		
Share capital	5	-
Retained earnings	95	120
<b>Total equity</b>	<b>95</b>	<b>120</b>
<b>Total equity and liabilities</b>	<b>95</b>	<b>1,004</b>

The financial statements pages on 4 to 11 were approved by the Board of Directors on 14 March 2012 and were signed on its behalf by



*N Kapur - Director*

Company number 00320321

*The notes on pages 8 to 11 are an integral part of these financial statements*

# Statement of changes in equity

	Share capital £000	Retained earnings £000	Total £000
<b>Balance at 1 January 2010</b>	-	989	989
<b>Total comprehensive income for the period</b>	-	481	481
<b>Cash flows from financing activities</b>			
Dividends paid	-	(1 350)	(1,350)
<b>Net cash used in financing activities</b>	-	(1,350)	(1,350)
<b>Balance at 31 December 2010</b>	-	120	120
<b>Total comprehensive income for the period</b>	-	(25)	(25)
<b>Balance at 31 December 2011</b>	-	95	95

*The notes on pages 8 to 11 are an integral part of these financial statements*



# Statement of cash flows

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
<b>Cash flows from operating activities</b>		
(Loss)/profit for the year	(25)	481
Income tax expense	25	196
Cash flows from operating profits/profits before changes in operating assets and liabilities	-	677
Changes in operating assets and liabilities		
- net decrease in other assets	884	2,677
- net decrease in other liabilities	(884)	(1 930)
- income tax paid	-	(74)
<b>Net cash inflow/inflow from operating activities</b>	<b>-</b>	<b>1,350</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-	(1 350)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(1,350)</b>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at 1 January	-	-
<b>Cash and cash equivalents at 31 December</b>	<b>-</b>	<b>-</b>

*The notes on pages 8 to 11 are an integral part of these financial statements*

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# Principal accounting policies

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The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

## 1.1 Reporting entity

OBC Insurance Consultants Limited is a company domiciled in the United Kingdom. The registered address of OBC Insurance Consultants Limited is Arbuthnot House, 20 Ropemaker Street, London, EC2Y 9AR.

## 1.2 Basis of presentation

The Company's financial statements have been prepared in accordance with IFRSs (as adopted and endorsed by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

The Directors have assessed, in the light of current and anticipated economic conditions, the Company's ability to continue as a going concern. The Directors confirm they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for preparing accounts.

### *a) Standards, interpretations and amendments effective in 2011 – relevant to the Company*

- IAS 24 (Revised), 'Related party disclosures' (effective from 1 January 2011). The revised standard includes an exemption from the disclosure requirements for related party transactions between "state controlled" entities and includes a revised definition for related parties.
- IAS 27 (Revised) 'Consolidated and separate financial statements'. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. Any remaining interest in an investee is re-measured to fair value in determining the gain or loss recognised in profit or loss where control over the investee is lost.
- Improvements to IFRSs. Sets out minor amendments to IFRS standards as part of annual improvements process.

The above changes did not have any material impact on the financial statements.

### *b) Standards, amendments and interpretations to existing standards (applicable to the Company) that are not yet effective and have not been early adopted by the Company*

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2012 or later periods, but the Company has not early adopted them.

- IFRS 7 (Revised) 'Disclosures - Transfers of Financial Assets' (endorsed for use in the EU on 22 November 2011). The revised standard requires additional disclosures for transfers of financial assets and where there are a disproportionate amount of transactions undertaken around the period end.
- IFRS 7 (Revised), 'Disclosures - Offsetting Financial Assets and Financial Liabilities' (effective 1 January 2013). The revised standard amends the required disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.<sup>1</sup>
- IFRS 10, 'Consolidated Financial Statements' and IAS 27 (Revised), 'Separate Financial Statements' (effective 1 January 2013). IFRS 10 supersedes IAS 27 and SIC-12, and provides a single model to be applied in the control analysis for all investees. There are some minor clarifications in IAS 27, and the requirements of IAS 28 and IAS 31 have been incorporated into IAS 27.<sup>1</sup>

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# Principal accounting policies

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- IFRS 13, 'Fair Value Measurement' (effective 1 January 2013) This standard replaces the existing guidance on fair value measurement in different IFRSs with a single definition of fair value a framework for measuring fair values and disclosures about fair value measurements <sup>1</sup>
- IAS 32 (Revised), 'Offsetting Financial Assets and Financial Liabilities' (effective 1 January 2014) This standard was amended to clarify the offsetting criteria, specifically when an entity currently has a legal right of set off, and when gross settlement is equivalent to net settlement <sup>1</sup>
- IFRS 9 'Financial instruments' (effective from 1 January 2015) This standard deals with the classification and measurement of financial assets and will replace IAS 39 The requirements of this standard represent a significant change from the existing requirements in IAS 39 The standard contains two primary measurement categories for financial assets amortised cost and fair value The standard eliminates the existing IAS 39 categories of 'held to maturity', 'available for sale' and 'loans and receivables' The potential effect of this standard is currently being evaluated but it is not expected to have a pervasive impact on the Group's financial statements due to the nature of the Group's operations <sup>1</sup>

The above standards are unlikely to have a material impact on the Company

<sup>1</sup> These standards have not yet been endorsed by the EU

## 1.3 Income taxation

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled

# Notes to the financial statements

## 2. Financial risk management

### Strategy

The directors and senior management of the Company have formally adopted a Risk and Controls Policy which sets out the Board's attitude to risk and internal controls. Key risks identified by the directors are formally reviewed and assessed at least once a year by the Board, in addition to which key business risks are identified, evaluated and managed by operating management on an ongoing basis by means of procedures such as physical controls, credit and other authorisation limits and segregation of duties. The Board also receives regular reports on any risk matters that need to be brought to its attention. Significant risks identified in connection with the development of new activities are subject to consideration by the Board. There are budgeting procedures in place and reports are presented regularly to the Board detailing the results of each principal business unit, variances against budget and prior year and other performance data.

The Company is not exposed to Credit, Market or Liquidity risks as it does not trade and all of its payables and receivables are due to or from related companies.

## 3. Employee information

The Company had no employees during 2011 (2010: none).

Directors' remuneration is borne by Arbuthnot Banking Group PLC, which makes no recharges to the Company for their services.

## 4. Income tax expense

	2011 £000	2010 £000
United Kingdom corporation tax at 26.5% (2010: 28%)		
Current taxation		
Corporation tax charge - adjustments in respect of prior years	25	196
<b>Income tax expense</b>	<b>25</b>	<b>196</b>
Tax reconciliation		
Profit before tax	-	677
Tax at 26.5% (2010: 28%)	-	190
Permanent differences	-	(190)
Prior period adjustments	25	196
<b>Corporation tax charge for the year</b>	<b>25</b>	<b>196</b>

During the year the Government substantively enacted a reduction in UK corporation tax rate to 26% with effect from 1 April 2011 and to 25% with effect from 1 April 2012. This will reduce the Company's future current tax charge accordingly. Furthermore, on 23 March 2011 the Government announced its intention to further reduce the UK corporation tax rate to 23% by April 2014.

## 5. Share capital

	Number of shares	Ordinary shares £000
At 1 January and at 31 December	360	-

There was no movement in the issued share capital in the current or prior year. The total authorised number of ordinary shares at 31 December 2011 and 31 December 2010 was 1000 with a par value of £1 per share (2010: £1 per share). All issued shares are fully paid.

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# Notes to the financial statements

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## 6. Related party transactions

During the year the Company undertook no transactions with other companies in the Arbuthnot Banking Group

Amounts receivable from and payable to related companies are shown on the face of the Statement of Financial Position

### Amounts due to related companies

Amounts due to related companies have no fixed date for repayment and are therefore technically repayable on demand. They are accounted for as financial liabilities, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value.

### Amounts due from related companies

Amounts due from related companies have no fixed date for repayment and are therefore technically repayable on demand. They are accounted for as financial assets, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value.

## 7. Immediate and ultimate parent company

The directors regard Arbuthnot Banking Group PLC, a Company registered in England and Wales, as the immediate and ultimate parent Company. Henry Angest, the Group Chairman and Chief Executive has a beneficial interest in 53.6% of the issued share capital of Arbuthnot Banking Group PLC and is regarded by the directors as the ultimate controlling entity. A copy of the consolidated financial statements of Arbuthnot Banking Group PLC may be obtained from the Secretary, Arbuthnot Banking Group PLC, One Arlestone Way, Solihull, B90 4LH.

## 8. Events after the balance sheet date

There were no post balance sheet events.

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# Corporate contacts & advisers

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## **Secretary & Registered Office**

J R Kaye FCIS  
Arbuthnot House  
20 Ropemaker Street  
London EC2Y 9AR  
T 020 7012 2400  
F 020 7012 2401

## **Advisers**

Independent Auditors  
KPMG Audit Plc  
Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

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38 Hagley Road  
Edgbaston  
Birmingham  
B16 8NY