

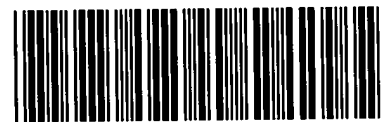
# Reports & Financial Statements

For the year ended 31 December 2022

**H. W. Wood Limited**

Registered number: 01565756

FRIDAY



\*ACD35GQY\*

A93

29/09/2023

#122

COMPANIES HOUSE

## **H.W. WOOD LIMITED**

### **DIRECTORS:**

D. H. Nelson – non-executive chairman  
S. G. Rudduck – Managing Director  
P. H. Chamberlain  
S. S. de B. Codrington  
M. H. Kleingeld  
J. M. T. Thomas

### **SECRETARY:**

P. H. Chamberlain

### **REGISTERED OFFICE:**

1 Lloyd's Avenue  
LONDON  
EC3N 3DQ

### **STATUTORY AUDITOR:**

Mazars LLP  
30 Old Bailey  
London  
EC4M 7AU

## **CONTENTS**

### **Page**

Officers and Professional Advisors	1
Strategic Report	2 – 5
Directors' Report	6 – 7
Directors' Responsibilities Statement	8
Independent Auditor's Report	9 – 11
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 – 27

## **H. W. WOOD LIMITED**

### **STRATEGIC REPORT (continued)**

The Directors present their strategic report for H.W. Wood Limited ("the Company") for the year ended 31 December 2022.

#### **Review and analysis of the business**

The Company continued its principal activities throughout the current year, which are those of insurance and reinsurance broking.

The directors report that turnover for the year ended 31 December 2022 is £12.3 million (2021: £9.8 million). The Company generated a profit before tax of £185,841 (2021: £417,878).

As set out in note 18 to the financial statements the Company has entered into a deferred prosecution agreement with the United States Department of Justice following parallel investigations by that agency and the Serious Fraud Office into the Company's dealings with a third-party intermediary in Ecuador in the period 2013 to 2017. Pursuant to the agreement, the Company is disgorging an amount of USD 508,000. This amount is included in administrative expenses in these financial statements.

The management charge to fellow subsidiary H.W. Wood International Limited was increased by £500,000 in the year, as set out in note 1(f). This reflects the strong trading performance of that company in the year.

The Company remains dedicated to providing a professional, value-added and complete service to its clients.

#### **Statement in respect of Section 172 of the Companies Act 2006**

The Directors have a duty to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, having regard to the stakeholders and matters set out in Section 172(1) of the Companies Act 2006. Key stakeholders include the Company's shareholder, employees, clients, regulators, insurers and suppliers.

The Board consists of experienced and qualified management, with many years in the insurance broking industry. The Board has established an Executive which reports to the Board and comprises a combination of Board members and other senior staff and this is charged with the day to day management of the business.

#### **Shareholder**

The entire share capital of the Company is owned by H.W. International B.V., which is registered in The Netherlands. In turn, the entire share capital of that company is controlled by Meritus Trust Company Limited as trustee of The Bayfield Trust. Five of the Directors of the Company are also directors of H.W. International B.V. and there is regular interchange of information between the two companies.

#### **Employees**

The Board recognises that the Company's employees are its greatest asset, given their specialist skills and knowledge and their commitment to the Company, in several cases spanning many years. Employee matters are considered at Board and Executive meetings through the HR Director's reports and those of department heads.

In order to engage, involve and inform employees a variety of methods are used, including the internal intranet and regular briefings and updates from the Managing Director and HR Director. The Company embraces diversity with the aim to attract and retain talented staff with a wide range of skills and backgrounds. The Company is unreservedly opposed to any form of discrimination being practised against its employees or potential employees.

## **H. W. WOOD LIMITED**

### **STRATEGIC REPORT (continued)**

#### **Clients**

The Board considers that clients should be at the heart of everything the Company does and places significant emphasis on client care and having the best interests of all clients at the heart of its brand and culture.

The Company has a diverse client base, ranging from private individuals to multi-national companies, both in the United Kingdom and in many parts of the world. Many client relationships are long term in nature reflecting the client centric approach adopted across the Company.

#### **Regulator**

The Company is regulated by the FCA and must adhere to the FCA's principles of business which provide high level standards, including the management and control to organise its affairs responsibly and effectively with adequate risk management. The Company has a strong compliance culture and aims to have an open, transparent and constructive dialogue with the FCA in any communications it has, with timely reporting of information required by the FCA rules.

#### **Insurers and suppliers**

The Board oversees the relationships with insurers and the associated placement strategy. This includes the consideration of any matters highlighted by the Security and Insurer Relations Committee. A conflict of interest policy has been developed which requires employees to report any real or potential conflicts between the Company and insurers.

The Board recognises the need to ensure that third party non-insurer suppliers are dealt with fairly and are paid within agreed credit terms.

#### **Key performance indicators**

Management use a range of financial and non-financial key performance indicators to monitor and manage the business. The performance measures are as set out below.

##### ***Financial***

###### ***Turnover***

As reported in the Statement of Comprehensive Income on page 12, turnover increased to £12.3 million from the 2021 level of £9.8 million.

###### ***Profit margins***

The net profit margin, being profit before tax as a percentage of turnover, for the year was 1.5% compared with 4.3% in 2021.

###### ***Net Assets***

As at 31 December 2022 the Company's net assets stood at £2.3m (2021: £2.3m). Management continue to put emphasis on creating long term shareholder value.

##### ***Non-financial***

###### ***Customer service levels***

The Company is committed to treating clients fairly and to providing 'contract certainty' to its clients in accordance with best market practice and guidelines.

## **H. W. WOOD LIMITED**

### **STRATEGIC REPORT (continued)**

#### *Credit control and terms of trade*

The Company closely monitors its insurance debtors, creditors and cash balances to ensure adherence with all regulatory and legal considerations and to minimise the risk of default.

#### **Principal risks and uncertainties facing the business.**

Management continually monitor the key risks facing the Company. The principal financial risks and uncertainties are as follows:

##### *Credit risk*

The financial instrument which most crucially subjects the Company to credit risk is cash. The Company manages this risk by maintaining investment practices that restrict placement of cash and investments solely to financial institutions considered to be secure and creditworthy. In addition, there is a risk that third party debtors do not settle amounts due. The Company seeks to minimise this risk by maintaining robust credit control and collection practices.

##### *Exchange rate risk*

A significant portion of the Company's balances are denominated in currencies other than Sterling. The Company seeks to mitigate the subsequent exchange rate risk by maintaining bank accounts in foreign currencies (in order to match assets and liabilities in the same currency).

##### *Liquidity risk*

The Company manages its cash closely to ensure it has sufficient liquid resources to finance operations on a day to day basis. Projected future cash requirements are closely monitored and banks used by the Company to hold cash periodically reviewed. Client money is held in strict accordance with FCA regulations.

##### *Interest rate risk*

The Company's operations are subject to the risk of interest rate fluctuations on interest bearing cash deposits. The Company seeks to mitigate this risk by constantly reviewing its investment strategy.

##### *Insurances*

The Company considers that it carries sufficient insurance cover to mitigate most losses it might reasonably encounter in the course of business or claims likely to be brought against it. However, the directors are mindful of the fact that no insurance cover can ever be purchased that will offer complete protection against all possible claims that might arise.

The principal non-financial risks and uncertainties are as follows:

##### *Disaster recovery, business continuity and loss of systems*

The Company has adopted Business Interruption and Disaster Recovery procedures which are regularly reviewed and assessed to ensure that they are practical, robust and appropriate. The Company relies on a variety of third party systems and software in order to carry out its business and these are assessed regularly to ensure they are reliable and secure.

## **H. W. WOOD LIMITED**

### **STRATEGIC REPORT (continued)**

#### *Regulatory risk*

The Company has ongoing regulatory and statutory duties and responsibilities which it is obliged to meet and has implemented systems and procedures which enable senior management to monitor, review and control the operations of the business to ensure compliance with these obligations.

#### **Approval**

This report was approved by the board on 28 September 2023 and signed on its behalf by:

*Philip Chamberlain*

Philip Chamberlain (Sep 28, 2023 19:41 GMT+1)

Philip Chamberlain  
Director

## **H. W. WOOD LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and financial statements for the year ended 31 December 2022. The Company registration number is 01565756.

#### **PRINCIPAL ACTIVITY**

The Company is an accredited Lloyd's broker whose principal activity is that of insurance broking. There has not been any significant change in the principal activity of the Company over the year under review.

#### **REVIEW OF THE BUSINESS**

The review of the business is detailed in the Strategic Report on page 2. The principal risks and uncertainties facing the business and key performance indicators are set out in the Strategic Report as permitted by section 414C of the Companies Act 2006.

#### **RESULTS AND DIVIDENDS**

The results and dividends for the year are set out in the financial statements on pages 12 to 27. Dividends totalling £nil (2021: - £nil) were declared and paid in the year.

#### **DIRECTORS**

The directors at the date of this report are shown on page 1, A. V. Pattie, who was a director at the beginning of 2022, resigned on 31 January 2023.

#### **GOING CONCERN**

The directors have assessed the principal risks and uncertainties considered likely to affect the Company and these are detailed in the Strategic Report. The Company has strong financial resources and the directors consider the Company to be able to manage the principal risks and uncertainties.

Having made enquiries, and taken account of all anticipated cash outflows, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

Each director confirms that so far as he is aware there is no relevant audit information of which the Company's auditor is unaware. Furthermore, each director confirms that he has taken all of the steps that he ought to have taken as a director in order to make himself aware of any such information and to establish whether the auditor is aware of that information.

The Company holds an indemnity policy which benefits all of its current directors and is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

**H. W. WOOD LIMITED**

**DIRECTORS' REPORT (continued)**

**AUDITORS**

Mazars LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

Approved by the Board of Directors on 28 September 2023 and signed on its behalf by:

*Philip Chamberlain*  
Philip Chamberlain (Sep 28, 2023 19:41 GMT+1)

Philip Chamberlain  
Director



**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Strategic Report; 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 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 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.

## **H. W. WOOD LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF H. W. WOOD LIMITED**

#### **Opinion**

We have audited the financial statements of H.W. Wood Limited ("the company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the Reports & Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

## **H. W. WOOD LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF H. W. WOOD LIMITED**

We have nothing to report in respect of the following matters in relation to which 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.

#### **Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: the regulatory and supervisory requirements of the Financial Conduct Authority (FCA), employment regulation, anti-bribery and anti-money laundering regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with the FCA;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to the posting of manual journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the level of deferred brokerage and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;

## H. W. WOOD LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF H. W. WOOD LIMITED

- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of the audit report

This report is made solely to the company's member 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 member those matters we are required to state to it 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 member for our audit work, for this report, or for the opinions we have formed.



Sam Porritt (Sep 28, 2023 19:44 GMT+1)

Sam Porritt (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

30 Old Bailey

London

28 September 2023

**H. W. WOOD LIMITED****STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2022**

	Notes	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Turnover	2	12,297,748	9,763,463
Administrative expenses		(12,089,385)	(9,310,460)
<b>OPERATING PROFIT</b>	3	<u>208,363</u>	<u>453,003</u>
Interest payable	6	(24,944)	(37,142)
Interest receivable		2,422	2,017
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>185,841</u>	<u>417,878</u>
Tax charge on profit on ordinary activities	7	(112,403)	(93,637)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	16	<u><u>73,438</u></u>	<u><u>324,241</u></u>

The Company's turnover and expenses all relate to continuing operations. There are no recognised items of other comprehensive income other than those reflected in the profit for the period. Accordingly, no separate statement of other comprehensive income is given.

The notes on pages 15 to 27 form part of these financial statements.

# H. W. WOOD LIMITED

## STATEMENT OF FINANCIAL POSITION For the year ended 31 December 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Tangible fixed assets	8	203,556	80,005
CURRENT ASSETS			
Debtors	10	17,563,980	14,838,658
Cash at bank and in hand	9	10,039,750	11,907,603
		27,603,730	26,746,261
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(25,219,188)	(24,144,339)
NET CURRENT ASSETS		2,384,542	2,601,922
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(242,503)	(409,770)
NET ASSETS		2,345,595	2,272,157
CAPITAL AND RESERVES			
Called up share capital	15	500,000	500,000
Profit and loss account		1,845,595	1,772,157
SHAREHOLDER'S FUNDS		2,345,595	2,272,157

The financial statements on pages 12 to 27 were approved by the Board and authorised for issue on 28 September 2023.

Philip Chamberlain  
Philip Chamberlain (Sep 28, 2023 19:41 GMT+1)

Philip Chamberlain  
Director

Registered number: 01565756

The notes on pages 15 to 27 form part of these financial statements.

**H. W. WOOD LIMITED****STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2022**

	<b>Called up Share Capital £</b>	<b>Profit &amp; Loss Reserve £</b>	<b>Total Equity £</b>
As at 1 January 2021	500,000	1,447,916	1,947,916
Profit for the year	-	324,241	324,241
<b>At 31 December 2021</b>	<b>500,000</b>	<b>1,772,157</b>	<b>2,272,157</b>
As at 1 January 2022	500,000	1,772,157	2,272,157
Profit for the year	-	73,348	73,348
<b>At 31 December 2022</b>	<b>500,000</b>	<b>1,845,595</b>	<b>2,345,895</b>

The notes on pages 15 to 27 form part of these financial statements

## **H. W. WOOD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**

#### **1. ACCOUNTING POLICIES**

##### **(a) General information**

H.W. Wood Limited ("the Company") is a limited liability company, limited by shares, incorporated in the United Kingdom. The registered office is 1 Lloyd's Avenue, London, EC3N 3DQ.

The Company's principal activity is to act as an insurance broker and managing general agent.

The financial statements have been presented in pounds Sterling and this is the Company's functional currency, being the currency of the primary economic environment in which the Company operates.

##### **(b) Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- The requirement of Section 7 Statement of Cash Flows
- The requirement of Section 3 Financial Statement Presentation paragraph 3.17(d)
- The requirement of Section 33 Related Party Disclosure paragraph 33.7

The preparation of financial statements in accordance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The principal accounting policies applied are set out below

##### **(c) Going concern**

After reviewing forecasts and projections for the coming year, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

##### **(d) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price and the cost of bringing an asset to its working condition. Depreciation is calculated to write off the cost of tangible fixed assets over the expected useful lives of the assets concerned on the following bases:

Furniture and fixtures and fittings	-	15% straight line basis
Office equipment	-	20% straight line basis
Computer software	-	20% straight line basis
Computer equipment	-	25% straight line basis



## **H. W. WOOD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**

**(e) Turnover**

Turnover represents net brokerage, commission and fees receivable on continuing activities. Brokerage is credited to the profit and loss account on the earlier of the date of inception of a risk or the debit note date. Brokerage on binding authority policies is accounted for on a declarations basis while adjustments relating to additional or return premiums are accounted for as and when they arise. Commission is credited on an accruals basis regardless of payment basis. An appropriate proportion of revenue is deferred to recognise, in full, the Company's post placement obligations to clients for providing technical and claims services.

**(f) Remittance to fellow subsidiary company**

The Company manages a client portfolio on behalf of a fellow subsidiary, H.W. Wood International Limited. The profit arising on this portfolio, after deducting a management fee, is remitted to that company and included in administrative expenses.

**(g) Foreign currencies**

The financial statements are presented in the currency of the primary economic environment in which the Company operates which is Sterling.

Statement of Comprehensive Income transactions in foreign currencies are recorded using the average monthly rate.

Assets and liabilities in overseas currencies have been translated into Sterling at the rates of exchange ruling at the statement of financial position date.

Gains and losses on translation are included in the statement of comprehensive income.

**(h) Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of subsidiaries, associates, branches and joint ventures and the company can control the reversal of timing differences and such reversal is not considered probable for the foreseeable future.

## **H. W. WOOD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the difference between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the reporting date.

#### **(i) Insurance broking assets and liabilities**

The Company acts as an insurance broker and is generally not liable for premiums due to insurers or claims payable to clients.

Uncollected premiums from insureds and uncollected claims or refunds from insurers are recorded as insurance receivables in the Company's Statement of Financial Position. In certain instances, the Company advances premiums, refunds or claims to insurers or insureds prior to collection. Such advances are made from fiduciary funds and are reflected in the Company's Statement of Financial Position as insurance receivables.

The obligations to remit these funds to insureds are recorded as insurance payables in the Company's Statement of Financial Position. The period for which the Company holds such funds is dependent upon the date funds are remitted to the Company and the date the Company is required to forward such payments to creditors.

The Company holds cash balances relating to insurance broking third parties on trust which cannot be called upon on insolvency of the Company. However, any interest generated on these cash balances is recognised and reflected as interest receivable and similar income as the Company has the right to such interest in accordance with the terms of business agreed with clients.

Third party insurance receivables are stated net of provisions for doubtful debts, which are recognised on the basis of regular reviews made by management. Provisions are established on the basis of the age of the amounts overdue and when specific receivables are identified as being unable to pay.

#### **(j) Finance leases**

Assets held under finance leases and the related lease obligations are included at the fair value of the leased assets at the inception of the lease. Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding.

#### **(k) Pensions**

##### *Defined Contribution Schemes*

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been made the Company has no further payment obligations.

## **H. W. WOOD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**

All contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**(l) Operating leases**

Rentals payable under operating leases are charged on a straight line basis over the term of the lease. Similarly, any lease incentives on the property lease are credited on a straight line basis over the lease term.

**(m) Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from these estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

Income deferral – The Company defers an appropriate proportion of revenue to recognise, in full, its post placement contractual obligations to clients in providing technical and claims services. The estimate is based on historical requirements and the judgement of the directors. The amount so deferred is £311,000 (2021 - £279,000).

**(n) Provision for liabilities and charges**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is possible that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recorded is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The Company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period and which employees are entitled to carry forward and use within the next twelve months. The provision is measured at the salary cost payable for the period of absence and is recorded in accruals and deferred income.

**(o) Financial instruments**

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds basic financial instruments, which comprise cash at bank and in hand, trade and other debtors, trade and other creditors. The Company has chosen to apply the measurement and recognition provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' in full.

## H. W. WOOD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

#### Financial assets – classified as basic financial instruments

##### *Trade and other debtors*

Trade and other debtors are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the amount expected to be receivable, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially measured at the present value of the future payments, discounted at a market rate of interest. At the end of each reporting year, the Company assesses whether there is objective evidence that any financial asset amount may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the financial assets. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the provision is recognised immediately in profit or loss.

#### Financial liabilities – classified as basic financial instruments

##### *Trade and other creditors*

Trade and other creditors are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Amounts that are payable within one year are measured at the undiscounted amount of the amount expected to be payable.

Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

## 2. TURNOVER

The commission and fees receivable and profit before tax are attributable to the one principal activity of the Company. An analysis of commission and fees receivable is given below:

	2022 £	2021 £
United Kingdom	3,121,738	3,166,614
Europe	4,089,862	2,364,163
United States of America and Canada	1,903,588	1,522,080
Australia	697,464	443,998
Asia	545,372	759,440
Other	1,939,724	1,507,168
	<u>12,297,748</u>	<u>9,763,463</u>

## H. W. WOOD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

#### 3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of owned fixed assets (note 8)	73,415	50,411
(Profit)/Loss on disposal of fixed assets	(131)	37,264
Remittance to H.W.Wood International Limited	1,195,585	317,267
Auditor's remuneration		
- audit services	50,000	50,000
- audit related assurance services	15,000	15,000
Operating lease costs:		
- land and buildings	401,732	277,906
- other	15,091	33,499
Net gain on foreign currency translation	57,933	203,208
	<u>          </u>	<u>          </u>

#### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the Company during the financial year amounted to:

	2022 No.	2021 No.
Broking and technical	56	57
Administration and claims handling	17	19
	<u>      </u>	<u>      </u>
Total staff	73	76
	<u>      </u>	<u>      </u>

The aggregate payroll costs of the above were:

	2022 £	2021 £
Wages and salaries	5,541,670	5,052,706
Social security costs	701,126	594,186
Other pension costs	548,700	523,501
	<u>          </u>	<u>          </u>
	6,791,496	6,170,393
	<u>          </u>	<u>          </u>

## H. W. WOOD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

#### 5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2022 £	2021 £
Emoluments receivable	990,368	910,932
Pension contributions to money purchase schemes	98,313	137,106
	<u>1,088,681</u>	<u>1,048,038</u>

The above amounts include an aggregate amount of consideration paid to third parties for making available the services of a director of the Company of £20,000 (2021: £20,000).

#### Emoluments of highest paid director:

	2022 £	2021 £
Total emoluments (excluding pension contributions)	275,805	238,858
Pension contributions to money purchase schemes	21,300	46,300
	<u>297,105</u>	<u>285,158</u>

The number of directors who accrued benefits under Company pension schemes was as follows:

Money purchase schemes	<u>4</u>	<u>5</u>
------------------------	----------	----------

#### 6. INTEREST PAYABLE

	2022 £	2021 £
Bank interest	24,944	37,142
	<u>24,944</u>	<u>37,142</u>

# H. W. WOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 7. TAXATION

#### (a) Analysis of charge in period

	2022 £	2021 £
UK tax:		
UK corporation tax based on the results for the period at 19% (2021 – 19%)	91,199	89,785
Deferred tax charge	21,204	3,852
	<u>112,403</u>	<u>93,637</u>

#### (b) Factors affecting tax charge for period

	2022 £	2021 £
Profit on ordinary activities before tax	<u>185,841</u>	<u>417,878</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 – 19%)	35,310	79,397
<i>Effects of:</i>		
Expenses not deductible for tax purposes	74,769	14,240
Group relief surrendered	246	-
Other adjustments	<u>2,078</u>	<u>-</u>
Tax charge for period (see (a) above)	<u>112,403</u>	<u>93,637</u>

#### (c) Deferred tax

	2022 £	2021 £
The deferred tax liability included in creditors is as follows:		
Accelerated capital allowances	(33,485)	(9,856)
Other temporary timing differences	<u>8,090</u>	<u>5,665</u>
Provision for deferred tax	<u>(25,395)</u>	<u>(4,191)</u>

## H. W. WOOD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

#### (c) Deferred tax (continued)

	2022 £	2021 £
Deferred tax liability at the beginning of the year	(4,191)	(339)
Deferred tax charge for the period	(21,204)	(3,852)
Deferred liability at the end of the year	<u>(25,395)</u>	<u>(4,191)</u>
The amount of un-provided deferred tax is:		
Capital losses carried forward	<u>17,366</u>	<u>13,198</u>

#### 8. TANGIBLE FIXED ASSETS

	Furniture and office equipment £	Computer equipment £	Computer software £	Total £
<b>COST</b>				
At 1 January 2022	12,687	236,115	66,231	315,033
Additions	19,916	67,805	110,313	198,034
Disposals	-	(1,199)	-	(1,199)
At 31 December 2022	<u>32,603</u>	<u>302,721</u>	<u>176,544</u>	<u>511,868</u>
<b>DEPRECIATION</b>				
At 1 January 2022	12,687	175,589	46,752	235,028
Charge for the period	11,416	38,475	23,524	73,415
Provided on disposals	-	(131)	-	(131)
At 31 December 2022	<u>24,103</u>	<u>213,933</u>	<u>70,276</u>	<u>308,312</u>
<b>NET BOOK VALUE</b>				
At 31 December 2021	<u>-</u>	<u>60,526</u>	<u>19,479</u>	<u>80,005</u>
At 31 December 2022	<u>8,500</u>	<u>88,788</u>	<u>106,268</u>	<u>203,556</u>

The net book value of assets held under finance leases is £nil (2021: £13,962).



## H. W. WOOD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

#### 9. CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Own funds	576,175	408,762
Fiduciary funds held in client money trust accounts	9,463,575	11,498,841
	<u>10,039,750</u>	<u>11,907,603</u>

#### CASH AND CASH EQUIVALENTS (continued)

£9,463,575 (2021: £11,498,841) is held in non-statutory trust accounts, which operate in accordance with the requirements of the Financial Conduct Authority ("FCA").

The bank holds a charge over all the assets of the Company, including a specific charge over book debts, excluding fiduciary assets held under the FCA's rules within the non-statutory trust accounts.

#### 10. DEBTORS

	2022 £	2021 £
Due in less than one year:		
Insurance receivables	13,335,097	11,076,931
Amounts owed by group undertakings	1,946,725	1,450,822
Other debtors	38,760	58,457
Prepayments and accrued income	2,243,398	2,252,448
Deferred tax asset	-	-
	<u>17,563,980</u>	<u>14,838,658</u>

Amounts due from Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. These balances are receivable within one year.

Included within insurance receivables is £2,303,134 (2021: £1,963,026) in respect of insurance business with fellow group companies.

# H. W. WOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Insurance payables	21,736,009	22,028,818
Non-insurance payables	130,160	189,430
Other taxes and social security costs	209,118	188,379
Bank loan due within one year (note 12)	170,000	285,171
Amounts owed to group undertakings	1,342,577	329,904
Staff pension contributions	45,527	41,559
Other creditors	452,878	56,771
Corporation tax	54,300	62,946
Deferred brokerage	311,000	279,000
Accruals and deferred income	742,224	678,170
Deferred tax liability	25,395	4,191
	<u>25,219,188</u>	<u>24,144,339</u>

### 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £	2021 £
Bank loans	<u>242,503</u>	<u>409,770</u>

	2022 Due in one year £	2022 Due after one year £	2021 Due in one year £	2021 Due after one year £
2018 term loan	-	-	81,837	-
CBILS facility	100,000	100,000	133,334	200,000
2021 term loan	70,000	142,503	70,000	209,770
	<u>170,000</u>	<u>242,503</u>	<u>285,171</u>	<u>409,770</u>

The 2018 term loan was repayable over five years beginning in August 2018 and bears interest at 2.5% over base rate. The Coronavirus Business Interruption Loan Scheme Facility loan was taken out in June 2021 and is free of interest and repayment until July 2022, after which it is repayable over four years and bears interest at 4.9% over base rate. The 2021 term loan was taken out in November 2021 and is repayable over five years from December 2021 and bears interest at 3.44% over base rate.

## H. W. WOOD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022

#### 13. COMMITMENTS UNDER LEASES

##### (a) Obligations under finance leases

Amounts due within one year £nil (2021: £nil)

##### (b) Obligations under operating leases

At 31 December 2022 the Company had annual commitments under non-cancellable operating leases set out below. The lease on the Company's premises, which commenced on 1 January 2022, expired on 30 June 2023.

	2022 £	2021 £
Operating leases which expire:		
- within 1 year	424,096	379,079
- between 1 to 5 years	487,848	205,203
	<u>912,944</u>	<u>584,282</u>

#### 14. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in Section 33 'Related Party Disclosures' and has not disclosed details of transactions with the parent Company and other wholly owned subsidiaries of the Group.

#### 15. CALLED UP SHARE CAPITAL

	2022 £	2021 £
Allotted, called up and fully paid 500,000 ordinary shares (2021: 500,000) of £1 each	<u>500,000</u>	<u>500,000</u>

#### 16. RESERVES

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

## **H. W. WOOD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**

#### **17. CONTINGENT LIABILITIES**

The Company has provided security to Royal Bank of Scotland plc in the form of a debenture in respect of borrowings of the Company. At the end of the year a total amount of £412,503 (2021: £694,951) was due to the bank.

#### **18. REGULATORY MATTER**

In 2020 the Company was notified of an investigation by the Serious Fraud Office ("SFO") into its dealings with an agent in Ecuador. Subsequently the United States Department of Justice ("DOJ") joined the investigation. In April 2023 the SFO notified the Company that it had decided to take no action against the Company. In September 2023 the Company entered into a deferred prosecution agreement with the DOJ. Pursuant to this agreement, the Company is disgorging an amount of USD 508,000. This amount, which will be paid before the end of 2023, has been charged against profits in 2022 and included in other creditors in note 11 above.

#### **19. CAPITAL COMMITMENTS**

At 31 December 2022 the Company had no capital commitments.

#### **20. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The parent undertaking is HW International B.V., a company incorporated in the Netherlands, for which consolidated accounts are prepared including H.W. Wood Limited. These accounts can be obtained from Prof. W.H. Keesomlaan 1, 1183 DJ Amstelveen, The Netherlands.

The ultimate ownership of the Group rests with Meritus Trust Company Limited as trustee of The Bayfield Trust. The address of the trust is 19 Par-la-Ville Road, 1st Floor, Hamilton HM11, Bermuda. Due to the nature of the Trust no beneficiary is entitled to a fixed share in excess of 25%. Accordingly there is no ultimate controlling party.