

**CARROLL & PARTNERS LIMITED**

**UNAUDITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2023**



## **CARROLL & PARTNERS LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	G C Bremerman P R Carroll D J Ezzard S Goldstone N C Lenihan S S Sulaiman Gregory Duignan Sharna Bullen
<b>Company secretary</b>	S Goldstone
<b>Registered number</b>	02267055
<b>Registered office</b>	Mezzanine Floor, 75 King William Street London EC4N 7BE

## **CARROLL & PARTNERS LIMITED**

### **CONTENTS**

	<b>Page</b>
<b>Strategic Report</b>	<b>1 - 2</b>
<b>Directors' Report</b>	<b>3</b>
<b>Directors' Responsibilities Statement</b>	<b>4</b>
<b>Statement of Comprehensive Income</b>	<b>5</b>
<b>Statement of Financial Position</b>	<b>6 - 8</b>
<b>Statement of Changes in Equity</b>	<b>8</b>
<b>Notes to the Financial Statements</b>	<b>9 - 25</b>

## **CARROLL & PARTNERS LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023**

#### **Introduction**

The Directors present their strategic report, together with the audited Consolidated Financial Statements of the Company for the year ended 30 June 2023.

The principal activities of the Company during the year were those of a wholesale insurance broker and accredited Lloyd's broker. The Company also provides back office accounting and market settlement services for third party insurance businesses and acts as the central provider of procurement, back office, settlement, administration and accounting services to other members of the PSC Insurance Group in the UK.

#### **Business review**

The strategic objectives of the PSC Insurance Group continue to be to generate sustainable growth in earnings and cash flow from insurance broking activities through a combination of organic growth and acquisition. The Company makes up a substantial part of the UK operations of PSC Insurance Group and continues to pursue its objectives.

The Company measures activity and performance including monthly income and expenditure against budgets and prior year, Prudent Capital margins, Contract Certainty, Treating Customers Fairly and the timely collection of insurance amounts from clients and their onward settlement to underwriters. The business is split into three principal divisions, being broking, underwriting and outsourcing and each operates in a niche area which is independent of the others. This approach mitigates the risks associated with a single business stream and provides resilience for the Company from a risk perspective. All divisions are operated with a view to profitable, compliant growth and all are achieving this objective.

The Company has prepared cash flow forecasts and operational plans, which demonstrate that the Company can meet its day-to-day working capital requirements. This does rely upon support from other UK companies within the wider International PSC Group.

#### **Principal risks and uncertainties**

Management monitors the principal risks and uncertainties facing the Company, and assess the controls in place to mitigate these risks through the application of the risk register as reported and reviewed by the Corporate Governance Committee and the Board of Directors. This is also monitored and controlled through the Board's strategic review and planning process. The Board maintains a regular review of risk via its Board reporting, Compliance, Governance and Operational meetings to ensure risks are identified in a timely manner and mitigated wherever possible. The principal areas of risk remain those of commercial, exchange rate, credit, regulatory, and major external event, as shown below:

##### **Commercial Risk**

The Company operates in a highly competitive and dynamic market with an ever-present risk of clients changing their risk appetite, consolidating or moving to another intermediary. Market competition also brings rating/pricing uncertainty, leading to budgeting risk. Commercial risks, including risks associated with consolidation, are mitigated through the diverse nature of the Company's client base and production sources, both internal and external.

##### **Exchange Rate Risk**

A proportion of the Company's revenue is generated in foreign currencies. Management regularly reviews the need to hedge foreign currency revenue.

##### **Credit Risk**

There is a risk that third party debtors do not settle amounts due and management ensure that appropriate systems are in place to mitigate this, including the operation of the Trading Partner Review committee and the on-boarding process for clients and trading partners.

## CARROLL & PARTNERS LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

#### **Regulatory Risk**

The Company's ability to continue in operation is dependent on ongoing authorisation from its statutory regulator, the Financial Conduct Authority (FCA), in respect of its regulated trading subsidiary. Financial performance could be affected materially by regulatory penalties or restrictions on the Company's operations or officers, should the Company fail to comply with relevant regulatory requirements.

Management mitigates the risk that such authorisation might be withdrawn or reduced in scope by investment in strong compliance procedures and by embedding compliance within the Company's culture. The Company's Head of Compliance oversees the Company's compliance processes and its relationship with the FCA and coordinates monthly compliance KPI reporting which is then reviewed by the Company's Executive Management Committee. Annual employee training includes compliance modules and staff completion of these are monitored monthly. The finance function also liaises with the Head of Compliance to ensure the Company meets its fiduciary responsibilities in respect of client money / insurer money held under risk transfer agreements.

#### **Climate change risk**

The Company is a services-based organisation operating with a limited environmental footprint. Despite this, we remain conscious of the global climate pressures and are committed to minimising the environmental impacts of our business. Whilst climate change poses risk to both our clients and risk carriers, as an intermediary we are not directly exposed to those risks. Notwithstanding, we need to understand these changing risks and help ensure that our clients' needs continue to be met.

#### **Economic, Interest rate, and inflation risk**

The Company is watching the current environment in the UK. As the provider of a largely non-discretionary product, our business is better insulated than many in the event of economic downturn. Should inflation rates persist, it is likely to impact insurance prices as a result of claims inflation. The Company has an inherent hedge for interest rate changes as rate rises for group borrowings are offset by rate rises on client money balances held.

#### **Major External Event**

The Company maintains and reviews a Business Continuity Plan in order to mitigate the risk of a major external event, which could result in the Company being unable to service clients, and the potential for exposure to breaching FCA rules, loss of key staff, potential professional indemnity issues and the ultimate demise of the business. The plan to mitigate the potential of a major external event impacting in this detrimental way, includes use of secondary office locations, immediate documentation recovery and remote working facilities and has been tested for a considerable amount of time during the COVID pandemic and subsequent working from home directives from the UK government. These arrangements have proved robust and service levels have been maintained.

This report was approved by the board on 30 November 2023 and signed on its behalf by

N C Lenihan 

Director

**CARROLL & PARTNERS LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

The Directors present their report and the financial statements for the year ended 30 June 2023.

**Results and dividends**

The profit for the year, after taxation, amounted to £852,113 (2022 - £1,549,707).

The Company paid an ordinary dividend of £1,688,096 during the year (2022: £305,014).

**Directors**

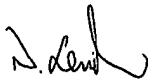
The Directors who served during the year were:

G C Bremerman  
P R Carroll  
D J Ezzard  
S Goldstone  
N C Lenihan  
S S Sulaiman  
Gregory Duignan  
Sharna Bullen

**Future developments**

The Directors will continue to seek opportunities for profitable revenue growth and improvement in operating efficiency.

This report was approved by the board on 30 November 2023 and signed on its behalf.



N C Lenihan  
Director

## **CARROLL & PARTNERS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2023**

The Directors are responsible for preparing the Strategic Report, 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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

**CARROLL & PARTNERS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 £	2022 £
Turnover	4	9,193,490	8,557,370
<b>Gross profit</b>		<u>9,193,490</u>	<u>8,557,370</u>
Administration Expenses	5	(8,876,026)	(7,242,683)
Other Operating Income	6	832,416	550,530
<b>Operating profit</b>	7	<u>1,149,880</u>	<u>1,865,217</u>
Interest receivable and similar income	10	28,074	1,133
Interest payable and similar expenses	11	(18,996)	(1,177)
<b>Profit before tax</b>		<u>1,158,958</u>	<u>1,865,173</u>
Tax on profit	12	(306,845)	(315,466)
<b>Profit for the financial year</b>		<u><u>852,113</u></u>	<u><u>1,549,707</u></u>

There was no other comprehensive income for 2023 (2022: £NIL).

The notes on pages 9 to 25 form part of these financial statements.



**CARROLL & PARTNERS LIMITED**  
**REGISTERED NUMBER: 02267055**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Intangible Assets	14	79,583	131,610
Tangible assets	15	525,919	170,197
		<u>605,502</u>	<u>301,807</u>
<b>Current assets</b>			
Other financial assets - Trust cash	16	7,519,691	7,494,773
Debtors: amounts falling due within one year	17	5,797,338	6,650,399
Cash at bank and in hand	18	1,127,099	1,012,193
		<u>14,444,128</u>	<u>15,157,365</u>
Creditors: amounts falling due within one year	19	(8,663,757)	(8,601,075)
<b>Net current assets</b>		<u>5,780,371</u>	<u>6,556,290</u>
<b>Total assets less current liabilities</b>		<u>6,385,873</u>	<u>6,858,097</u>
Creditors: amounts falling due after more than one year	20	(353,549)	-
		<u>6,032,324</u>	<u>6,858,097</u>
<b>Provisions for liabilities</b>			
Deferred taxation	21	(42,547)	(32,337)
		<u>(42,547)</u>	<u>(32,337)</u>
<b>Net assets excluding pension asset</b>		<u>5,989,777</u>	<u>6,825,760</u>
<b>Net assets</b>		<u>5,989,777</u>	<u>6,825,760</u>
<b>Capital and reserves</b>			
Called up share capital	22	500,000	500,000
Profit and loss account	23	5,489,777	6,325,760
		<u>5,989,777</u>	<u>6,825,760</u>

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.


The Company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

**CARROLL & PARTNERS LIMITED**  
**REGISTERED NUMBER: 02267055**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 30 JUNE 2023**

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 November 2023.



**N C Lenihan**  
Director

**CARROLL & PARTNERS LIMITED**  
**REGISTERED NUMBER: 02267055**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 July 2021</b>	500,000	5,081,067	5,581,067
Profit for the year	-	1,549,707	1,549,707
<b>Total comprehensive income for the year</b>	-	1,549,707	1,549,707
Dividends: Equity capital	-	(305,014)	(305,014)
<b>Total transactions with owners</b>	-	(305,014)	(305,014)
<b>At 1 July 2022</b>	500,000	6,325,760	6,825,760
<b>Comprehensive income for the year</b>			
Profit for the year	-	852,113	852,113
<b>Total comprehensive income for the year</b>	-	852,113	852,113
Dividends: Equity capital	-	(1,688,096)	(1,688,096)
<b>Total transactions with owners</b>	-	(1,688,096)	(1,688,096)
<b>At 30 June 2023</b>	500,000	5,489,777	5,989,777

The notes on pages 9 to 25 form part of these financial statements.

## **CARROLL & PARTNERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

#### **1. General information**

Carroll & Partners Limited ('the Company') is a private company limited by shares, incorporated and domiciled in England and Wales. Its registered office is Mezzanine Floor, 75 King William Street, London, EC4N 7BE. Its registered company number is 02267055.

The principal activities of the Company are those of a wholesale insurance broker and accredited Lloyd's broker.

Amounts in these financial statements have been rounded to the nearest pound sterling.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

##### **2.2 Financial reporting standard 101 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

##### **2.3 Going concern**

The Company meets its day-to-day working capital requirements through its cash reserves and ongoing cash generation and has no borrowings. The current economic conditions continue to create uncertainty. The Company's forecasts and projections, taking account of realistic possible changes in trading performance, show that the Company has adequate financial resources to continue its operations for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

## **CARROLL & PARTNERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

#### **2. Accounting policies (continued)**

##### **2.4 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

##### **2.5 Revenue recognition**

The Company derives revenue from the provision of insurance services. Revenue is recognised as or when services are transferred to the customer and is measured at an amount that reflects the consideration to which the Company expects to be entitled in exchange for the services.

Commission, brokerage and fees are recognised when the Company has satisfied its performance obligations, which occurs at the point in time that control of the services are transferred to the customer. The performance obligation relating to commission, brokerage and fee income relates to the provision of insurance broking services. Revenue is constrained to reflect potential lapses and cancellations based on past experiences and future expectations. Where there is a future performance obligation to provide claims handling services, a portion of revenue relating to these services is deferred and recognised over time as the obligation is satisfied.

Income arising from the provision by the Company of back-office accounting services to third parties is recorded as other operating income since it is a secondary activity not part of the Company's primary regulated activities. Accounting services are provided under rolling service contracts under which customers receive and consume the services provided simultaneously. Income is recognised periodically while the service contract remains in place.

The Company does not expect to have any contracts with customers where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust transaction prices for the time value of money.

##### **2.6 Leases**

###### **The Company as a lessee**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## **CARROLL & PARTNERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

#### **2. Accounting policies (continued)**

##### **2.6 Leases (continued)**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses the rate implicit in leases of similar assets entered into at a similar date and for similar maturities. Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentive.

The lease liability is included in 'Creditors' on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.12.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

##### **2.7 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

##### **2.8 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.9 Pensions**

###### **Defined contribution pension plan**

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 paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss 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.

## CARROLL & PARTNERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

## 2. Accounting policies (continued)

### 2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 substantively 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences 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 and laws that have been enacted or substantively enacted by the reporting date.

### 2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The estimated useful lives range as follows:

Customer Lists	-	5	years
Computer Software	-	4	years

### 2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

## **CARROLL & PARTNERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

#### **2. Accounting policies (continued)**

##### **2.12 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Furniture, fixtures and fittings	-	10% -15% of cost per annum
Office equipment	-	10% -20% of cost per annum
Computer and office equipment	-	20% -33% of cost per annum
Leasehold improvements	-	20% of cost per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

##### **2.13 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Impairment of debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment is raised when there is objective evidence that the Company will not be able to collect amounts originally recognised as receivable. Indicators that receivables may be impaired include significant financial difficulties or financial restructuring of the debtor and delinquency in payments (more than 9 months overdue). The impairment recognised is the difference between the asset's carrying amount and the value of estimated attributable future cash flows, discounted at an appropriate effective interest rate where cash flows are expected to extend into future periods.

##### **2.14 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### **2.15 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.



## **CARROLL & PARTNERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

#### **2. Accounting policies (continued)**

##### **2.16 Trade Debtors, Trade Creditors and Trust Cash: insurance assets and liabilities**

Insurance debtors included as part of trade debtors represent commissions earned from clients that had not been received by the balance sheet date, less an allowance for specific bad debts where deemed appropriate by Company management. Insurance creditors included within trade creditors represent liabilities to insurers in respect of premiums not yet paid to the insurer, or amounts owed to clients in respect of settled insurance claims or returned premiums.

As an insurance broker, the Company acts as an agent in placing the insurable risks of its clients with insurers and consequently the Company is generally not liable as principal for amounts arising from such transactions. Amounts invoiced to clients by the Company include premiums charged by underwriters and commission earned by the Company. Since the premium element of these transactions does not constitute a contractual right of the Company to receive cash or other financial benefits for its own account in future, it does not qualify for recognition as an asset of the Company except where a client-agreed premium has been pre-funded to the underwriter by the Company.

Amounts owed to underwriters for premiums due but not yet paid do not represent obligations of the Company to transfer cash or other benefits to the underwriter, and do not therefore qualify as liabilities, except where cash has been received by the Company from clients. Where cash has been received from clients, corresponding obligations to underwriters are included within trade creditors.

The Company has fiduciary and regulatory responsibilities in respect of cash received from clients to meet premium obligations and cash received on behalf of clients in respect of settled claims or returned premiums. Cash received in this way is held in separate trust bank accounts and may be used by the Company only for a limited number of purposes and not for the Company's own account. It is therefore not considered as cash and equivalents of the Company but is classified as "other financial assets - trust cash" within debtors.

##### **2.17 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

##### **2.18 Financial instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

##### **Financial assets**

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

## **CARROLL & PARTNERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

#### **2. Accounting policies (continued)**

##### **2.18 Financial instruments (continued)**

###### **Financial liabilities**

###### **Fair value through profit or loss**

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

###### **At amortised cost**

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

##### **2.19 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying accounting policies. Management continually evaluates estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates given the subjectivity involved in making them. Management has identified the following critical accounting estimates and key judgements:

##### **Revenue recognition**

Management exercises judgement in identifying, quantifying and deferring the element of commission revenues attributable to performance obligations, such as claims handling, under insurance policies written up to the balance sheet date likely to be met after that date.

##### **Carrying value of intangible fixed assets**

Management reviews the business periodically to assess whether there are any indicators of impairment of the Company's intangible fixed assets. Management's main considerations are current and expected future profitability and cash generation of the assets. No such indicators have been identified.

**CARROLL & PARTNERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**4. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2023</b> £	<b>2022</b> £
Insurance brokerage	<b>9,193,490</b>	<b>8,557,370</b>
	<b>9,193,490</b>	<b>8,557,370</b>

**5. Administrative expenses**

	<b>2023</b> £	<b>2022</b> £
Employee costs (note 8)	<b>8,093,901</b>	<b>6,552,937</b>
Other administrative costs	<b>1,950,202</b>	<b>1,701,376</b>
Costs recharged to other group companies	<b>(1,168,077)</b>	<b>(1,011,630)</b>
	<b>8,876,026</b>	<b>7,242,683</b>

**6. Other operating income**

	<b>2023</b> £	<b>2022</b> £
Other operating income	<b>799,093</b>	<b>516,433</b>
Foreign exchange difference	<b>33,323</b>	<b>34,097</b>
	<b>832,416</b>	<b>550,530</b>

**7. Operating profit**

The operating profit is stated after charging:

	<b>2023</b> £	<b>2022</b> £
Depreciation of tangible fixed assets	<b>89,961</b>	<b>60,372</b>
Amortisation of intangible assets, including goodwill	<b>77,708</b>	<b>133,163</b>
Exchange differences	<b>(33,323)</b>	<b>(34,097)</b>
Defined contribution pension cost	<b>275,505</b>	<b>242,050</b>

**CARROLL & PARTNERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**8. Employee costs**

Staff costs, including Directors' remuneration, were as follows:

	2023 £	2022 £
Wages and salaries	7,027,518	5,625,099
Social security costs	790,878	685,788
Cost of defined contribution scheme	275,505	242,050
	<u>8,093,901</u>	<u>6,552,937</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2023 No.	2022 No.
Staff	<u>112</u>	<u>104</u>

**9. Directors' remuneration**

	2023 £	2022 £
Directors' emoluments	1,293,019	1,484,527
Company contributions to defined contribution pension schemes	41,274	42,052
	<u>1,334,293</u>	<u>1,526,579</u>

During the year retirement benefits were accruing to no Directors (2022 - *NIL*) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £390,505 (2022 - £348,498).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £2,500 (2022 - *£NIL*).

**10. Interest receivable and similar income**

	2023 £	2022 £
Other interest receivable	28,074	1,133
	<u>28,074</u>	<u>1,133</u>

**CARROLL & PARTNERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**11. Interest payable and similar expenses**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Interest on lease liabilities	<b>18,996</b>	<b>1,177</b>
	<u><b>18,996</b></u>	<u><b>1,177</b></u>

**12. Taxation**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>272,899</b>	<b>374,433</b>
Adjustments in respect of previous periods	<b>27,628</b>	<b>(54,806)</b>
	<u><b>300,527</b></u>	<u><b>319,627</b></u>
	<u><b>300,527</b></u>	<u><b>319,627</b></u>
<b>Total current tax</b>	<b>300,527</b>	<b>319,627</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(1,332)</b>	<b>(4,161)</b>
Impact of tax change	<b>7,650</b>	<b>-</b>
	<u><b>6,318</b></u>	<u><b>(4,161)</b></u>
<b>Total deferred tax</b>	<b>6,318</b>	<b>(4,161)</b>
	<u><b>306,845</b></u>	<u><b>315,466</b></u>
<b>Taxation on profit on ordinary activities</b>	<b>306,845</b>	<b>315,466</b>

**CARROLL & PARTNERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**12. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed differs from the standard rate of corporation tax in the UK of 20.5% (2022 - 19%).  
The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>1,158,958</u>	<u>1,865,173</u>
Prima facie corporation tax payable on profit before income tax at 20.5% (2022: 19%)	237,586	354,383
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	33,981	15,890
Impact of UK corporation tax change	7,650	-
Adjustments to tax charge in respect of prior periods	27,628	(54,807)
<b>Total tax charge for the year</b>	<u><u>306,845</u></u>	<u><u>315,466</u></u>

**13. Dividends**

	2023 £	2022 £
£3.38 per Ordinary share of £1.00 (2022: £0.61)	1,688,096	305,014
	<u><u>1,688,096</u></u>	<u><u>305,014</u></u>

The Directors have not proposed any ordinary dividends for the year.

**CARROLL & PARTNERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**14. Intangible assets**

	Customer Lists £	Other intangible £	Computer software £	Total £
<b>Cost</b>				
At 1 July 2022	132,345	147,989	244,639	524,973
Additions - external	-	-	25,680	25,680
Disposals	(24,354)	(147,989)	-	(172,343)
At 30 June 2023	<u>107,991</u>	<u>-</u>	<u>270,319</u>	<u>378,310</u>
<b>Amortisation</b>				
At 1 July 2022	118,700	125,789	148,874	393,363
Charge for the year on owned assets	13,646	22,200	41,862	77,708
On disposals	(24,355)	(147,989)	-	(172,344)
At 30 June 2023	<u>107,991</u>	<u>-</u>	<u>190,736</u>	<u>298,727</u>
<b>Net book value</b>				
At 30 June 2023	<u>-</u>	<u>-</u>	<u>79,583</u>	<u>79,583</u>
At 30 June 2022	<u>13,645</u>	<u>22,200</u>	<u>95,765</u>	<u>131,610</u>

**CARROLL & PARTNERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**15. Tangible fixed assets**

	<b>Fixtures and fittings £</b>	<b>Right of Use assets £</b>	<b>Office and Computer equipment £</b>	<b>Leasehold Improvements £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 1 July 2022	138,136	99,740	559,318	73,677	870,871
Additions	8,321	384,574	52,788	-	445,683
Disposals	-	(99,740)	-	-	(99,740)
At 30 June 2023	<u>146,457</u>	<u>384,574</u>	<u>612,106</u>	<u>73,677</u>	<u>1,216,814</u>
<b>Depreciation</b>					
At 1 July 2022	73,494	99,740	480,020	47,420	700,674
Charge for the year on owned assets	9,276	28,843	41,325	10,517	89,961
Disposals	-	(99,740)	-	-	(99,740)
At 30 June 2023	<u>82,770</u>	<u>28,843</u>	<u>521,345</u>	<u>57,937</u>	<u>690,895</u>
<b>Net book value</b>					
At 30 June 2023	<u>63,687</u>	<u>355,731</u>	<u>90,761</u>	<u>15,740</u>	<u>525,919</u>
At 30 June 2022	<u>64,642</u>	<u>-</u>	<u>79,298</u>	<u>26,257</u>	<u>170,197</u>

**16. Other Financial assets - Trust cash**

	<b>2023 £</b>	<b>2022 £</b>
Other financial assets - Trust cash	7,519,691	7,494,773
	<u>7,519,691</u>	<u>7,494,773</u>



**CARROLL & PARTNERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**17. Debtors**

	2023 £	2022 £
Trade debtors	2,100,213	2,054,133
Amounts owed by group undertakings	3,349,488	4,285,841
Other debtors	14,721	6,267
Prepayments and accrued income	321,839	296,973
Deferred taxation	11,077	7,185
	<u>5,797,338</u>	<u>6,650,399</u>

Amounts owed by group undertakings are repayable on demand and do not attract interest.

**18. Cash and cash equivalents**

	2023 £	2022 £
Cash at bank and in hand	1,127,099	1,012,193
	<u>1,127,099</u>	<u>1,012,193</u>

**19. Creditors: Amounts falling due within one year**

	2023 £	2022 £
Trade creditors	7,570,787	7,533,136
Amounts owed to group undertakings	29,870	23,743
Corporation tax	155,345	374,660
Other taxation and social security	246,984	226,424
Lease liabilities	34,978	-
Other creditors	58,652	-
Accruals and deferred income	567,141	443,112
	<u>8,663,757</u>	<u>8,601,075</u>

Amounts owed to group undertakings are repayable on demand and do not attract interest.

**CARROLL & PARTNERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**20. Creditors: Amounts falling due after more than one year**

	2023 £	2022 £
Lease liabilities	353,549	-
	<u>353,549</u>	<u>-</u>

**21. Deferred taxation**

	2023 £	2022 £
At beginning of year	(25,152)	(30,323)
Charged to profit or loss	(7,650)	37,508
Utilised in year	1,332	(32,337)
<b>At end of year</b>	<u>(31,470)</u>	<u>(25,152)</u>

The deferred tax balance is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(42,547)	(32,337)
Other short term timing differences	11,077	7,185
	<u>(31,470)</u>	<u>(25,152)</u>
<b>Comprising:</b>		
Asset - due within one year	11,077	7,185
Liability	(42,547)	(32,337)
	<u>(31,470)</u>	<u>(25,152)</u>

All of the deferred tax balance is expected to reverse in the next financial reporting period.

**22. Share capital**

	2023 £	2022 £
<b>Allotted, called up and fully paid</b>		
500,000 (2022 - 500,000) Ordinary shares of £1.00 each	<u>500,000</u>	<u>500,000</u>

## **CARROLL & PARTNERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

#### **23. Reserves**

##### **Profit and loss account**

Profit and loss account represents cumulative retained profits and losses of the business.

#### **24. Contingent liabilities**

CBA Corporate Services (NSW) PTY Limited (as security trustee for a group of lenders) is the beneficiary of a charge over assets of the Company as part of the security package to secure a facility of the immediate and ultimate parent undertaking of the Company. Amounts outstanding on this Group debt facility as at 30 June 2023 are split between

- a) A syndicated facility agreement (SFA) A\$127.5m (£67m) which has a maturity date of November 2026 and has a limit of A\$190m (£100m) (multi-currency) plus a further \$6m (£3m) revolving overdraft / bank guarantee and
- b) A note purchase agreement (NPA) £41.25 which has a maturity date of November 2028.

The Company benefits from the ability to participate in this funding facility to assist with the funding of its growth aspirations.

#### **25. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £275,505 (2022 - £242,050) . Contributions totalling £44,306 (2022 - £37,817) were payable to the fund at the reporting date and are included in creditors.

#### **26. Related Party Transactions**

The Company has taken advantage of the exemption conferred by paragraph 8 of FRS 101 not to disclose transactions with other group entities whose voting rights are 100% controlled within the same group.

The Company transacts with other members of the PSC Insurance Group Limited in the normal course of business. Transactions generally fall into the following categories:

- placement of gross insurance business as agent for clients;
- cash settlement of insurance balances on behalf of clients;
- sales/purchases of goods and services as part of the group's centralised administration, management and procurement arrangements;
- commission sharing; and
- payments of cash on account in settlement of intercompany liabilities.

## **CARROLL & PARTNERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

#### **27. Controlling party**

The Company's immediate parent is Insurance Holdings Limited, a company incorporated in England and Wales. The ultimate controlling party is PSC Insurance Group Limited, a publicly traded company incorporated in Australia.

PSC Insurance Group Limited is the largest group undertaking for which consolidated financial statements are prepared. Its registered office where group accounts can be obtained is 96 Wellington Parade, East Melbourne, Victoria, 3002, Australia.