Source Insurance Limited

Strategic Report, Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2019

Company Information
for the Year Ended 31 December 2019

DIRECTORS:	A A Masters T A Frowen
REGISTERED OFFICE:	Floor 2, Wing A Global Reach Dunleavy Drive Penarth CF11 0SN
REGISTERED NUMBER:	02864963 (England and Wales)
AUDITORS:	BPU Limited Chartered Accountants Statutory Auditor Radnor House Greenwood Close Cardiff Gate Business Park Cardiff CF23 8AA
BANKERS:	Barclays 3rd Floor Windsor Court 3 Windsor Place Cardiff CF10 3BX

REVIEW OF BUSINESS

The results for Source Insurance Limited "the company" show a pre tax profit of £1,581,494 (2018: £275,546) for the year and turnover of £13,341,154 (2018: £12,334,380). At year end the company had net assets of £2,954,732 (2018: £2,374,741).

Delivering world class service to its customers is at the core of the business and is demonstrated each and every day by the company's employees. The company had its most successful year in 2019 and the finance channel continues to perform well.

With headcount at record levels we moved into our new offices at Global Reach in September 2019 thus allowing room for planned expansion. We also made it into the Sunday Times 100 Best Small Companies to work for achieving 25th place in the UK and 2nd in Wales.

PRINCIPAL RISKS AND UNCERTAINTIES

The board and senior management team have a detailed strategy for the identification, mitigation, management and removal of risk. The company maintains a comprehensive risk register which is reviewed monthly, and all appropriate action is taken. Risk management is discussed weekly at senior management meetings, and all necessary actions are taken to ensure the company actively manages each and every risk to the business.

Financial Risk

The company's earnings are underpinned by insurance commissions from renewal of policies, as well as the addition of new business. The company concentrates on the provision of a wide choice of insurance covers to enable policyholders to transact insurance business and remain loyal customers. There are however risks of changes to the competitive and economic environment. This risk is mitigated by weekly reviews of the cash position as well as the use of detailed forecasting models.

Operational Risk

As the company is primarily internet based there is a risk that the company will encounter internal or external system failures. The company has upgraded its recovery capability and disaster recovery protocols in order to ensure greater stability and service delivery. In supporting our on-going views in putting IT security at the core of what we do from a technological standpoint and to further enhance our preventative measures we introduced an AI powered security, incident and event monitoring solution in 2018. This has significantly increased our security monitoring and response capabilities.

Regulatory and Compliance Risk

There is a risk that if the company is non-compliant in any area of the business it could suffer financial losses, reputational damage and could lose its FCA authorisation. The company mitigates this risk by having regular insurer audits, its compliance team attends regular FCA held seminars/meetings, and it provides comprehensive training and call quality monitoring of each employee.

Insurance Premium Changes

The UK insurance industry is cyclical and volatile in nature due to competition and general market conditions, and as the company's income is driven by insurance premiums, any change can have a big effect. To mitigate the risk of varying premium amounts the company has a large number of insurers and products to choose from. The company has a dedicated team who monitor management information on a daily basis and take action where required.

KEY PERFORMANCE INDICATORS

The company have a number of KPIs to which everything is measured. The main financial KPIs are detailed below.

KPIs for the year ended 31 December 2019:
Turnover - £13,300,000
Gross Profit - £7,500,000

KPIs for the year ended 31 December 2018:
Turnover - £12,300,000
Gross Profit - £6,780,000

Other important non-financial KPIs are the companies World Class Service KPIs. These are based on the following;
- Call quality
- First call resolution
- Prompt and accurate resolution of complaints

Post Balance Sheet Event

The Coronavirus outbreak has caused significant disruption to the U.K economy since the balance sheet date, with the UK Government announcing a lockdown of non-essential workers from Tuesday 24th March 2020.

The impact of this outbreak cannot yet be fully assessed due to the ongoing uncertainty as to the length of the lockdown and subsequent wider impact on the UK economy as a whole, however the Directors have considered the potential impact of reduced economic activity to the business.

The initial assessment of the impact of the lockdown and subsequent risks to the business indicate that whilst new business has reduced our retention rate has increased resulting in us achieving our profit forecast for the first 6 months of 2020. The housing market is now starting to move and we anticipate that new business will increase. We are in the position where the staff are all working from home on business as usual and we are meeting all our service levels. No staff were furloughed during this period.

The Directors will continue to monitor the situation and act accordingly to reduce any adverse impact to the company.

THIS REPORT WAS APPROVED BY THE BOARD:

A A Masters - Director

9 July 2020

Report of the Directors
for the Year Ended 31 December 2019

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of a general insurance intermediary.

DIVIDENDS
The total distribution of dividends for the year ended 31 December 2019 was £700,000 (2018 - £400,000).

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

A A Masters
T A Frowen

Other changes in directors holding office are as follows:

K R Paterson - resigned 27 August 2019
M R Khetia - resigned 24 July 2019
S W Jenkins - resigned 31 July 2019
P G Beckett - appointed 1 October 2019

P G Beckett ceased to be a director after 31 December 2019 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 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;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

THIS REPORT WAS APPROVED BY THE BOARD:

A A Masters - Director

9 July 2020

Opinion

We have audited the financial statements of Source Insurance Limited (the 'company') for the year ended 31 December 2019 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 Financial Reporting Standard 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 2019 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 Auditors' 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the 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 Report of the Directors.

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

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

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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.

Auditors' 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 a Report of the Auditors 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 these financial statements.

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. This description forms part of our Report of the Auditors.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Huw Palin ACA (Senior Statutory Auditor)
for and on behalf of BPU Limited
Chartered Accountants
Statutory Auditor

9 July 2020

Source Insurance Limited (Registered number: 02864963)

Profit and Loss Account
for the Year Ended 31 December 2019

	Notes	2019 £	2018 £
TURNOVER		**13,341,154**	12,334,380
Cost of sales		**(5,836,520)**	(5,554,597)
GROSS PROFIT		**7,504,634**	6,779,783
Administrative expenses		**(5,937,118)**	(6,634,237)
		1,567,516	145,546
Other operating income	2	**-**	130,000
OPERATING PROFIT	4	**1,567,516**	275,546
Interest receivable & similar income		**13,978**	-
PROFIT BEFORE TAXATION		**1,581,494**	275,546
Tax on profit	5	**(301,503)**	(14,107)
PROFIT FOR THE FINANCIAL YEAR		**1,279,991**	261,439
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,279,991**	261,439

The notes form part of these financial statements

Source Insurance Limited (Registered number: 02864963)

Balance Sheet
31 December 2019

		2019		2018	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	8		-		-
Tangible assets	9		512,003		50,602
			512,003		50,602
CURRENT ASSETS					
Debtors	10	14,055,904		12,596,929	
Cash at bank		1,407,998		1,873,535	
		15,463,902		14,470,464	
CREDITORS					
Amounts falling due within one year	11	12,918,972		12,146,325	
NET CURRENT ASSETS			2,544,930		2,324,139
TOTAL ASSETS LESS CURRENT LIABILITIES			3,056,933		2,374,741
CREDITORS					
Amounts falling due after more than one year	12		(30,201)		-
PROVISIONS FOR LIABILITIES	15		(72,000)		-
NET ASSETS			2,954,732		2,374,741
CAPITAL AND RESERVES					
Called up share capital	16		2,000		2,000
Retained earnings	17		2,952,732		2,372,741
SHAREHOLDERS' FUNDS			2,954,732		2,374,741

The financial statements were approved by the Board of Directors and authorised for issue on 9 July 2020 and were signed on its behalf by:

T A Frowen - Director

The notes form part of these financial statements

Source Insurance Limited (Registered number: 02864963)

Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	2,000	2,511,302	2,513,302
Changes in equity			
Dividends	-	(400,000)	(400,000)
Total comprehensive income	-	261,439	261,439
Balance at 31 December 2018	2,000	2,372,741	2,374,741
Changes in equity			
Dividends	-	(700,000)	(700,000)
Total comprehensive income	-	1,279,991	1,279,991
Balance at 31 December 2019	2,000	2,952,732	2,954,732

The notes form part of these financial statements

Source Insurance Limited (Registered number: 02864963)

Cash Flow Statement
for the Year Ended 31 December 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	**724,160**	(570,706)
Tax paid		**(51,526)**	(118,982)
Net cash from operating activities		**672,634**	(689,688)
Cash flows from investing activities			
Purchase of tangible fixed assets		**(503,670)**	(33,017)
Sale of tangible fixed assets		**1**	-
Interest received		**13,978**	-
Net cash from investing activities		**(489,691)**	(33,017)
Cash flows from financing activities			
Capital repayments in year		**51,520**	-
Equity dividends paid		**(700,000)**	(400,000)
Net cash from financing activities		**(648,480)**	(400,000)
Decrease in cash and cash equivalents		**(465,537)**	(1,122,705)
Cash and cash equivalents at beginning of year	2	**1,873,535**	2,996,240
Cash and cash equivalents at end of year	2	**1,407,998**	1,873,535

The notes form part of these financial statements

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019	2018
	£	£
Profit before taxation	1,581,494	275,546
Depreciation charges	38,020	28,949
Loss on disposal of fixed assets	4,248	-
Finance income	(13,978)	-
	1,609,784	304,495
Increase in trade and other debtors	(1,458,975)	(641,362)
Increase/(decrease) in trade and other creditors	573,351	(233,839)
Cash generated from operations	**724,160**	(570,706)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	1,407,998	1,873,535

Year ended 31 December 2018

	31/12/18	1/1/18
	£	£
Cash and cash equivalents	1,873,535	2,996,240

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/19	Cash flow	At 31/12/19
	£	£	£
Net cash			
Cash at bank	1,873,535	(465,537)	1,407,998
	1,873,535	(465,537)	1,407,998
Debt			
Finance leases	-	(51,520)	(51,520)
	-	(51,520)	(51,520)
Total	1,873,535	(517,057)	1,356,478

1. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared 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 financial statements have been prepared under the historical cost convention.

Turnover
Turnover represents brokerage income from the sale of insurance policies, and interest income received from the provision of finance to fund the purchase of insurance policies. Brokerage income is recognised upon inception of the corresponding insurance policy. Interest income is recognised over the repayment period of the finance provided, and represents a constant proportion of the balance of repayments outstanding.

Intangible assets
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Other intangible assets are being amortised evenly over their estimated useful life of three years.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% straight line and 14% straight line
Fixtures and fittings	- 20% straight line and 10% straight line
Computer equipment	- 25% - 33% straight line

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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1. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Insurance balances

The company acts as an insurance intermediary and is not liable for premiums due to underwriters or for claims payable to clients. Notwithstanding this legal relationship with clients and underwriters, the company follows generally accepted accounting practice by showing debtors, cash and creditors relating to insurance business as assets and liabilities of the company itself. The company receives premiums and premium refunds under risk transfer agreements with underwriters.

Hire purchase and leasing commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

2. **OTHER OPERATING INCOME**

	2019	2018
	£	£
Sale of capital asset - intangible software costs	-	130,000

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3. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	**3,882,340**	4,570,569
Social security costs	**452,440**	570,479
Other pension costs	**57,236**	38,661
	4,392,016	5,179,709

The average number of employees during the year was as follows:

	2019	2018
Employees	**91**	88

	2019	2018
	£	£
Directors' remuneration	**1,428,515**	2,379,028

Information regarding the highest paid director is as follows:

	2019	2018
	£	£
Emoluments etc	**744,186**	1,562,334

4. OPERATING PROFIT

The operating profit is stated after charging:

	2019	2018
	£	£
Depreciation - owned assets	**38,020**	28,949
Loss on disposal of fixed assets	**4,248**	-
Audit fees	**9,605**	9,502
Auditors' remuneration for non audit work	**5,478**	3,798

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5. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax	**229,503**	14,107
Deferred tax	**72,000**	-
Tax on profit	**301,503**	14,107

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£	£
Profit before tax	**1,581,494**	275,546
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	**300,484**	52,354
Effects of:		
Expenses not deductible for tax purposes	**1,643**	2,182
Capital allowances in excess of depreciation	**(72,624)**	(3,010)
Adjustments to tax charge in respect of previous periods	**-**	215
Refund received in relation to R&D claim for year ended 2016	**-**	(37,634)
Deferred tax	**72,000**	-
Total tax charge	**301,503**	14,107

6. DIVIDENDS

	2019	2018
	£	£
Ordinary shares of £1 each		
Paid	**700,000**	400,000

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Interest payable on finance facility	**150,506**	121,381
	150,506	121,381

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8. INTANGIBLE FIXED ASSETS

	Other intangible assets £
COST	
At 1 January 2019 and 31 December 2019	**67,167**
AMORTISATION	
At 1 January 2019 and 31 December 2019	**67,167**
NET BOOK VALUE	
At 31 December 2019	**-**
At 31 December 2018	-

9. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2019	**1,909**	**18,136**	**199,063**	**219,108**
Additions	**80,680**	**368,770**	**54,220**	**503,670**
Disposals	**(1,910)**	**(18,135)**	**-**	**(20,045)**
At 31 December 2019	**80,679**	**368,771**	**253,283**	**702,733**
DEPRECIATION				
At 1 January 2019	**1,384**	**14,412**	**152,710**	**168,506**
Charge for year	**2,881**	**8,957**	**26,182**	**38,020**
Eliminated on disposal	**(1,384)**	**(14,412)**	**-**	**(15,796)**
At 31 December 2019	**2,881**	**8,957**	**178,892**	**190,730**
NET BOOK VALUE				
At 31 December 2019	**77,798**	**359,814**	**74,391**	**512,003**
At 31 December 2018	525	3,724	46,353	50,602

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10. DEBTORS

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	**13,078,306**	12,314,200
Other debtors	**351,350**	145,588
Prepayments & accrued income	**126,248**	137,141
	13,555,904	12,596,929
Amounts falling due after more than one year:		
Other debtors	**500,000**	-
Aggregate amounts	**14,055,904**	12,596,929

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Hire purchase contracts (see note 13)	**21,319**	-
Trade creditors	**4,505,149**	4,316,420
Corporation tax	**229,503**	51,526
Social security and other taxes	**93,133**	55,445
Other creditors & accruals	**8,069,868**	7,722,934
	12,918,972	12,146,325

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

	2019	2018
	£	£
Hire purchase contracts (see note 13)	**30,201**	-

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13. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	**21,319**	-
Between one and five years	**30,201**	-
	51,520	-

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	**130,830**	12,866
Between one and five years	**280,680**	10,923
In more than five years	**-**	5,832
	411,510	29,621

14. SECURED DEBTS

The following secured debts are included within creditors:

	2019	2018
	£	£
Hire purchase contracts	**51,520**	-
Receivables Finance Facility	**6,194,308**	5,598,412
	6,245,828	5,598,412

The receivables finance facility is secured by a fixed and floating charge over the assets of the company.

The hire purchase contract is secured over the assets to which it relates.

15. PROVISIONS FOR LIABILITIES

	2019	2018
	£	£
Deferred tax	**72,000**	-

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15. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Charge to Profit and Loss Account during year	72,000
Balance at 31 December 2019	72,000

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
2,000	Ordinary	£1	2,000	2,000

17. RESERVES

	Retained earnings £
At 1 January 2019	2,372,741
Profit for the year	1,279,991
Dividends	(700,000)
At 31 December 2019	2,952,732

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18. RELATED PARTY DISCLOSURES

a) Related parties

(i) Common directorship/ownership:-
Protect Commercial Insurance Solutions Limited
Mela Rossa Limited
Red Apple Group Limited
Red Apple Finance Limited
Source Insurance Limited

(ii) Other/director:-
A A Masters

b) Loans between related parties

	Received in year	Paid in year	Written off in year	Debtor/ (creditor) at year end
	£	£	£	£
2019				
Red Apple Finance Limited	(665,896)	1,361,445	-	843,993
Protect Commercial Insurance Solutions Limited	(25,052)	24,482	-	2,356
Mela Rossa Limited	(221,820)	230,328	-	(8,629)
2018				
Red Apple Finance Limited	(12,069)	160,513	-	148,444
Protect Commercial Insurance Solutions Limited	(17,995)	19,919	-	2,926
Mela Rossa Limited	(397,226)	406,925	-	(17,137)

c) Consultancy services from related parties

	Net value of supply in year	Balance owed at year end
	£	£
2019		
Other/director	15,000	-
2018		
Other/director	-	-

d) Rent paid to related parties

	Net value of supply in year	Balance owed at year end
	£	£
2019		
Other/director	15,000	-
2018		
Other/director	60,000	-

continued...

19. ULTIMATE CONTROLLING PARTY

The controlling party is A A Masters.