

Able Insurance Services Limited

Directors' report and financial statements

Registered number 2890075

31 December 2012



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Directors and advisers

Directors

D G Stevens	(Resigned 11 September 2013)
C M Price	
K D Chidwick	(Resigned 19 March 2012)
P Marissen	(Resigned 28 November 2012)
F N Weng-Kan	(Resigned 25 May 2012)
S D Clarke	(Appointed 27 December 2012)
M Gabriel	(Appointed 13 August 2013)

Secretary

M R Waters

Auditor

KPMG Audit Plc
Assembly Square
Britannia Quay
Cardiff
CF10 4AX

Registered office

Ellipse Ground Floor
Padley Road
Swansea
SA1 8AN

Bankers

Lloyds TSB Bank plc
City Office
PO Box 72
Bailey Drive
Gillingham Business Park
ME8 0LS

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

Principal activities and enhanced business review

The company, which trades under the name of Gladiator Commercial, is an insurance broker, primarily offering van insurance but also other products to individuals and small businesses

The turnover for the business showed steady growth in 2012 rising 6% from the 2011 level. The commercial van broking market still remains very competitive with downward pressure on premiums throughout 2012 (Underlying written premium fell 2% to £54.2m)

Operating Profit fell during the year from £1.6m to £1.1m. There were several drivers of this, revenue grew however this was more than offset by higher acquisition and staff costs

Risks

Management expects broadly flat premium rates through 2013, as the level of competition remains high. Management is confident that Gladiator has the appropriate strategies in place to maintain its operating margin in this environment.

Results and dividends

The profit for the year before dividends amounted to £895,951 (2011: £949,387). Interim dividends of £nil per share have been paid (2011: nil). No final dividend has been declared (2011: £nil).

Directors and their interests

The membership of the board during the year and since the year end is as follows

D G Stevens	(Resigned 11 September 2013)
C M Price	
K Chidwick	(Resigned 19 March 2012)
P Marissen	(Resigned 28 November 2012)
F N Weng-Kan	(Resigned 25 March 2012)
S D Clarke	(Appointed 27 December 2012)
M Gabriel	(Appointed 13 August 2013)

Secretary

M R Waters

Directors' report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board



M R Waters
Company Secretary

Ellipse Ground Floor
Padley Road
Swansea
SA1 8AN

25 September 2013

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



KPMG Audit Plc

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
United Kingdom

Independent auditors' report to the members of Able Insurance Services Limited

We have audited the financial statements of Able Insurance Services Limited for the year ended 31 December 2012 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

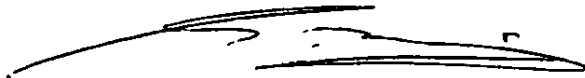
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditors' report to the members of Able Insurance Services Limited
(continued)**

Matters on which we are required to report by exception

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

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



Salim Tharani (Senior Statutory Auditor)
25 September 2013

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff Bay
Cardiff
CF10 4AX

Profit and loss account
for the year ended 31 December 2012

	<i>Note</i>	2012 £	2011 £
Turnover	3	12,415,260	11,682,677
Cost of sales		-	-
Gross profit		12,415,260	11,682,677
Administrative expenses		(11,300,495)	(10,104,372)
Operating profit	4 to 6	1,114,765	1,578,305
Interest receivable and similar income		41,840	28,404
Profit on ordinary activities before taxation		1,156,605	1,606,709
Tax on profit on ordinary activities	7	(260,654)	(657,322)
Profit for the financial year	13	895,951	949,387

All of the above amounts are in respect of continuing operations

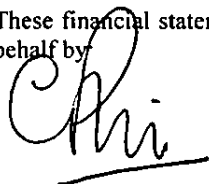
There are no recognised gains or losses, other than those included in the result above

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

Balance sheet
at 31 December 2012

	<i>Note</i>	2012 £	2011 £
Fixed assets			
Tangible assets	8	427,722	636,847
Investments	9	1	1
		<u>427,723</u>	<u>636,848</u>
Current assets			
Debtors	10	13,877,690	14,414,562
Cash at bank and in hand		5,602,087	4,400,834
		<u>19,479,777</u>	<u>18,815,396</u>
Creditors amounts falling due within one year	11	(11,198,560)	(11,639,255)
Net current assets		<u>8,281,217</u>	<u>7,176,141</u>
Net assets		<u>8,708,940</u>	<u>7,812,989</u>
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	8,707,940	7,811,989
		<u>8,708,940</u>	<u>7,812,989</u>
Shareholders' funds	14	<u>8,708,940</u>	<u>7,812,989</u>

These financial statements were approved by the board of directors on 25 September 2013 and were signed on its behalf by



C M Price
 Director
 Able Insurance Services Limited
 Registered Number 2890075

Notes

(forming part of the financial statements)

1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

The financial statements have been prepared on a going concern basis. In considering the appropriateness of this assumption, the Board have reviewed the Company's projections for the next twelve months and beyond, including cash flow forecasts and regulatory capital surpluses. The Company has no debt.

As a result of this review the Directors have satisfied themselves that it is appropriate to prepare these financial statements on a going concern basis.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Fixed assets and Depreciation

All fixed assets are recorded at cost.

Depreciation is provided on all tangible fixed assets at a rate calculated to write off the cost of each asset over its expected useful life as follows:

Leasehold improvements	4 years
Computer equipment and software	4 years
Office equipment	4 years
Furniture and fittings	4 years

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes (continued)

Employee share schemes

Able Insurance Services Limited's ultimate parent undertaking, Admiral Group Plc, operates a number of equity settled compensation schemes for its employees. For these schemes, the fair value of the employee services received in exchange for the grant of free shares under the schemes is recognised as an expense, with a corresponding increase in equity.

The total charge expensed over the vesting period is determined by reference to the fair value of the free shares granted as determined at the grant date (excluding the impact of non-market vesting conditions). Non-market conditions such as profitability targets as well as staff attrition rates are included in assumptions over the number of free shares to vest under the applicable scheme. At each balance sheet date, the Group revises its assumptions on the number of shares to be granted with the impact of any change in the assumptions recognised through income.

The parent company recharges the share scheme expenses to Able Insurance Services Limited, as it has received the benefit of the employees' services.

3 Turnover

Turnover comprises the commission and related income on sales of small commercial vehicle insurance and ancillary products within the United Kingdom. Commission income is credited to the profit and loss account upon sale of the related underlying policy. Instalment income is credited to the profit and loss account over the period of the related underlying policy. A provision is made for expected cancellations.

	2012 £	2011 £
<i>Analysis of gross income and turnover derived therefrom</i>		
Premiums Written	54,213,348	55,181,072
Commissions Earned	12,415,260	11,682,677
Total Turnover	12,415,260	11,682,677

4 Operating profit

	2012 £	2011 £
<i>Operating profit is stated after charging</i>		
Auditor's remuneration		
Statutory audit services	14,400	13,000
Depreciation		
Owned assets	335,661	294,652
Profit or loss on sale of fixed assets	-	-

Notes (continued)

5 Directors' remuneration

The directors are remunerated by a fellow subsidiary Company, EUI Limited ("EUI") There are no Company pension schemes

6 Staff costs

The staff who work for the company are employees of EUI An average of 193 people (2011 227) were employed during the year The costs recharged to the company for their services are as follows

	2012 £	2011 £
Wages and salaries	4,183,039	4,100,150
Share scheme charges	1,174,189	1,003,104
Social security costs	317,883	328,966
	<u>5,675,111</u>	<u>5,432,220</u>

7 Tax on profit on ordinary activities

	2012 £	2011 £
Based on the result for the year:		
UK Corporation tax at 24.5% (2011 26.5%)	379,347	655,482
Total current tax	<u>379,347</u>	<u>655,482</u>
Movement in deferred taxation (Note 10)	(118,693)	1,840
Total deferred tax	<u>(118,693)</u>	<u>1,840</u>
Tax on profit on ordinary activities	<u>260,654</u>	<u>657,322</u>

The current UK tax rate that has been used for the year is a hybrid rate of 24.5%. This is on the basis that the tax rate changed from 26% to 24% as of 1 April 2012. A tax rate change to 23%, which has effect from 1 April 2013, was substantively enacted during the year and has therefore been factored into the UK deferred tax calculations. In addition, further reductions to the main rate are proposed to reduce the rate to 22% by 1 April 2014. These further changes have not been substantively enacted at the balance sheet date and therefore have not been included in these financial statements. Such changes are not expected to have a significant effect on the deferred tax balance.

Notes (continued)

7 Tax on profit on ordinary activities (continued)

The current tax charge for the year is higher than (2011 higher than) the composite standard rate of corporation tax in the UK, 24.5% (2011 26.5%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before taxation	1,156,605	1,606,709
Corporation tax thereon at 24.5% (2011 26.5%)	283,368	425,779
Expenses and provisions not deductible for Corporation tax purposes	101,924	261,389
Adjustments in respect of prior years	24,681	(16,702)
Other timing differences	(30,626)	(14,984)
Current tax charge for the period	379,347	655,482

8 Tangible fixed assets

	Improvements to short leasehold Buildings £	Computer Equipment £	Office equipment £	Furniture And Fittings £	Total £
Cost					
At 1 January 2012	195,893	1,426,633	86,918	260,093	1,969,537
Additions	3,881	67,639	24,673	31,828	128,021
Disposals	(2,160)	-	-	-	(2,160)
At 31 December 2012	197,614	1,494,272	111,591	291,921	2,095,398
Depreciation					
At 1 January 2012	128,277	1,015,263	19,174	169,976	1,332,690
Disposals	(675)	-	-	-	(675)
Charge for the year	49,285	197,866	22,652	65,858	335,661
At 31 December 2012	176,887	1,213,129	41,826	235,834	1,667,676
Net book amount					
At 31 December 2012	20,727	281,143	69,765	56,087	427,722
At 31 December 2011	67,616	411,370	67,744	90,117	636,847

Notes (continued)

9 Investments

	Unlisted Investments	
	2012	2011
	£	£
<i>Cost</i>		
Cost at 1 January	10,667	10,667
	<hr/>	<hr/>
Cost at 31 December	10,667	10,667
	<hr/>	<hr/>
Net Book Amount at 31 December	1	1
	<hr/>	<hr/>

10 Debtors

	2012	2011
	£	£
Trade debtors	13,488,401	14,141,888
Other debtors	226,772	108,678
Prepayments	23,140	143,312
Deferred tax asset	139,377	20,684
	<hr/>	<hr/>
	13,877,690	14,414,562
	<hr/>	<hr/>

Movement in deferred tax asset

	2012	2011
	£	£
Balance at 1 January	20,684	22,524
Current year movement	118,693	(1,840)
	<hr/>	<hr/>
Balance at 31 December	139,377	20,684
	<hr/>	<hr/>

There was no unprovided deferred tax at either year end. All of the provided asset arises from capital allowance related timing differences.

Notes (continued)

11 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	3,983,608	3,731,918
Corporation Tax	1,034,469	655,122
Other creditors	652,721	409,679
Deferred income	1,317,810	1,365,674
Amounts owed to group companies	4,209,952	5,476,862
	<u>11,198,560</u>	<u>11,639,255</u>

12 Called up share capital

	2012 £	2011 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted and fully paid</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

13 Profit and loss account

	Profit and loss account £
At 1 January 2012	7,811,989
Profit for the year	<u>895,951</u>
At 31 December 2012	<u>8,707,940</u>

14 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the year	<u>895,951</u>	<u>949,387</u>
Net addition to shareholders' funds	895,951	949,387
Shareholders' funds as at 1 January	<u>7,812,989</u>	<u>6,863,602</u>
Shareholders' funds at 31 December	<u>8,708,940</u>	<u>7,812,989</u>

Notes *(continued)*

15 Cash flow statement and related party disclosures

As the results of the Company are included in the consolidated financial statements of AGp, which are publicly available, and the Company is a wholly owned subsidiary, the Company has taken advantage of the exemption from preparing a cash flow statement, and the requirement to disclose transactions with other group companies

16 Parent undertaking

The ultimate and immediate parent company is Admiral Group plc ("AGp")

Copies of the consolidated group financial statements of AGp (in which the results of the Company are consolidated) can be obtained from the Company Secretary at the registered office, Capital Tower, Greyfriars Road, Cardiff, CF10 3AZ