

Company Registration No. 03026339 (England and Wales)

BRIDGE BROKERS LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



BRIDGE BROKERS LIMITED

COMPANY INFORMATION

Directors	M Backner G D Cohen
Company number	03026339
Registered office	Cobac House 14-16 Charlotte Street Manchester M1 4FL
Auditor	Baldwins Audit Services 5th Floor Ship Canal House 98 King Street Manchester M2 4WU

BRIDGE BROKERS LIMITED

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BRIDGE BROKERS LIMITED

DIRECTORS' REVIEW (INCORPORATING A STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2019

The directors present the strategic report for the year ended 31 March 2019.

Who we are and what we do

The group trades principally through Bridge Insurance Brokers Limited (Bridge) which is a leading independent corporate insurance broker with offices in Manchester and London.

Established in 1970, we are a trusted business partner to our clients and a valued contributor to the insurance market, our long term success resulting from strong, stable management and a consistent focus on key strategic areas of the business, delivering growth both organically and through selective acquisition over the years.

Our vision for the future is to maintain this strategy, whilst embracing new technologies to improve corporate efficiency, enhance the Bridge service offering to our clients and create new market and route to market opportunities.

In so doing, we know that success cannot be achieved without the trust in the people we employ and the support of the clients we serve, and the relationships we have developed with underwriters.

Committed to the highest standards, we are authorised and regulated by the Financial Conduct Authority (FCA) in respect of insurance mediation activities; Firm Reference Number 308815. We are also members of the British Insurance Brokers' Association, and are Chartered Insurance Brokers. Bridge is very highly regarded among local, national and international professional and business circles and enjoys an enviable reputation for technical excellence which sets us apart from our competitors.

Our clients value the high quality of our service and as a result many have long term relationships with us, allowing us to enjoy one of the highest retention rates in the industry.

Through offering professional advice, technical excellence, high quality service and commercial awareness, we look to contribute to the success, profitability and post-loss business continuity of our clients.

Business review and financial highlights

The Board reported an excellent full year financial performance to 31st March 2019, delivering a record core business profit of £1.4m, thanks to a combination of strong income growth and ongoing improvement in operating margins. This result was significantly ahead of plan, and particularly reflects the growth in Real Estate, International and Specialist Risks divisions, combined with prior investments in key personnel and technology.

The result was a significant achievement for the company and provides a solid financial platform for continued investment and growth, as we prepare, plan and review the opportunities that are presenting in the ever-changing insurance broking landscape.

During the year we welcomed ex banker Simon Raine, as an advisor to the Board. Simon brings his 35 years' experience in finance to the company at an important time in its development.

The Board also commenced its implementation of the FCA Senior Managers Regime, as part of its steadfast commitment to statutory and regulatory responsibilities. Further Board changes and senior appointments are planned for 2019/20 as part of our ongoing succession planning as well as preparing for the future.

Our financial results reflect the strength of core business performance across a range of sectors. We are delighted to report sales growth of 11% to £11.9m and a continued % improvement in operating margins, delivering 55% growth in net profit before tax to £750k.

	2019	2018
	£'000	£'000
Turnover	11,906	10,706
Gross profit (net retained fees and commission)	8,494	7,799
Net profit before tax	750	513

BRIDGE BROKERS LIMITED

DIRECTORS' REVIEW (INCORPORATING A STRATEGIC REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

The balance sheet on page 9 shows shareholders' funds have increased to £2,027,416 (2018: £1,827,118).

<u>Operational Statistics</u>	2019	2018
Headcount	90	92
Income per head (£'000s)	132	116
Retention rate % (non scheme)	95	92

Brexit

Notwithstanding the continuing political uncertainty in the UK and overseas, the Board continues to monitor all aspects of Brexit, through a committee formed with representatives from across the company. Plans are in place to mitigate potential risks, and business opportunities that may arise through the company's international trading with Brokerslink members.

Corporate governance and oversight

Our risk governance framework allocates responsibility for the management of various business and regulatory risks which resides with the operational management of the firm.

Principal risks and uncertainties

The directors, management executive and senior employees are responsible on an ongoing basis for identifying and evaluating significant business and regulatory risks within their areas of responsibility, for developing suitable controls and for taking mitigating action where appropriate. They report regularly to the Board of Directors to enable them to review the potential impact of these risks.

The Board is satisfied that the major risks identified have been adequately mitigated where necessary.

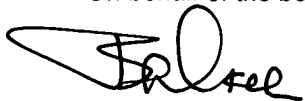
Liquidity risk

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

On behalf of the board



M Backner

Director

10 September 2019

BRIDGE BROKERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

Principal activities

Bridge Brokers Limited is a holding company. The principal activity of the group which it heads in the year under review was that of insurance broking.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Backner

G D Cohen

Results and dividends

The profit for the year, after taxation, amounted to £600,298 (2018: £405,707).

The directors have recommended a dividend of £400,000 (2018: £100,000).

Post reporting date events

On 24 June 2019, an interim dividend of £300,000 was declared in respect of the year ending 31 March 2020, followed by further interim dividends of £100,000 on 27 June 2019, £75,000 on 11 July 2019 and £25,000 on 25 July 2019.

Auditor

The auditor, Baldwins Audit Services (previously trading as CLB Coopers Audit Services) is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and company, and of the profit or loss of the group 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BRIDGE BROKERS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

A handwritten signature in black ink, appearing to read 'M Backner', written over a horizontal line.

M Backner
Director

10 September 2019

BRIDGE BROKERS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRIDGE BROKERS LIMITED

Opinion

We have audited the financial statements of Bridge Brokers Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the group statement of income and retained earnings, the group balance sheet, the company balance sheet, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 group's or the parent 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 included in the annual report, other than the financial statements and our auditor's report 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.

BRIDGE BROKERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BRIDGE BROKERS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

BRIDGE BROKERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BRIDGE BROKERS LIMITED

Use of our report

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Baldwins Audit Services

Graham Rigby (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

25 September 2019

5th Floor
Ship Canal House
98 King Street
Manchester
M2 4WU

BRIDGE BROKERS LIMITED

GROUP STATEMENT OF INCOME AND RETAINED EARNINGS (INCLUDING A PROFIT AND LOSS ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	3	11,906,237	10,705,514
Cost of sales		(3,412,627)	(2,906,808)
Gross profit		8,493,610	7,798,706
Administrative expenses		(7,778,667)	(7,297,328)
Operating profit	4	714,943	501,378
Interest receivable and similar income	7	44,029	26,014
Interest payable and similar expenses	8	(8,952)	(14,822)
Profit before taxation		750,020	512,570
Tax on profit	9	(149,722)	(106,863)
Profit for the financial year		600,298	405,707
Retained earnings brought forward		1,189,116	883,409
Dividends		(400,000)	(100,000)
Retained earnings carried forward		1,389,414	1,189,116

Profit for the financial year is all attributable to the owners of the parent company.

BRIDGE BROKERS LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	10	10,409		83,703	
Tangible assets	11	319,123		282,371	
Investments	12	73,207		73,207	
		<u>402,739</u>		<u>439,281</u>	
Current assets					
Debtors	14	5,433,661		4,224,308	
Cash at bank and in hand		6,841,291		6,150,846	
		<u>12,274,952</u>		<u>10,375,154</u>	
Creditors: amounts falling due within one year	16	(10,544,629)		(8,805,512)	
Net current assets		<u>1,730,323</u>		<u>1,569,642</u>	
Total assets less current liabilities		<u>2,133,062</u>		<u>2,008,923</u>	
Creditors: amounts falling due after more than one year	17	(85,521)		(175,322)	
Provisions for liabilities	18	(20,125)		(6,483)	
Net assets		<u>2,027,416</u>		<u>1,827,118</u>	
Capital and reserves					
Called up share capital	20	20,000		20,000	
Share premium account		618,002		618,002	
Profit and loss reserves		1,389,414		1,189,116	
Total equity		<u>2,027,416</u>		<u>1,827,118</u>	

The financial statements were approved by the board of directors and authorised for issue on 10 September 2019 and are signed on its behalf by:



M Backner
Director

G D Cohen
Director



BRIDGE BROKERS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Investments	12		2,156,575		2,156,575
Current assets					
Cash at bank and in hand		30		30	
Creditors: amounts falling due within one year	16	-		(178,917)	
Net current assets/(liabilities)			30		(178,887)
Total assets less current liabilities			2,156,605		1,977,688
Capital and reserves					
Called up share capital	20		20,000		20,000
Share premium account			618,002		618,002
Profit and loss reserves			1,518,603		1,339,686
Total equity			2,156,605		1,977,688

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £178,917 (2018: £nil).

The financial statements were approved by the board of directors and authorised for issue on 10 September 2019 and are signed on its behalf by:



M Backner
Director

G D Cohen
Director



Company Registration No. 03026339

BRIDGE BROKERS LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	25	1,380,775		2,656,482	
Income taxes paid		(96,910)		(27,318)	
Net cash inflow from operating activities		1,283,865		2,629,164	
Investing activities					
Purchase of tangible fixed assets		(140,067)		(125,595)	
Proceeds on disposal of tangible fixed assets		5,845		38,092	
Interest received		44,029		26,014	
Net cash used in investing activities		(90,193)		(61,489)	
Financing activities					
Repayment of bank loans		(72,901)		(70,079)	
Interest paid		(8,952)		(14,822)	
Payment of finance leases obligations		(21,374)		(6,266)	
Dividends paid to equity shareholders		(400,000)		(100,000)	
Net cash used in financing activities		(503,227)		(191,167)	
Net increase in cash and cash equivalents		690,445		2,376,508	
Cash and cash equivalents at beginning of year		6,150,846		3,774,338	
Cash and cash equivalents at end of year		6,841,291		6,150,846	

BRIDGE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

Bridge Brokers Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Cobac House, 14-16 Charlotte Street, Manchester, M1 4FL.

The group consists of Bridge Brokers Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the company's accounting policies.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the Reduced Financial Reporting Regime, as permitted by FRS102 regarding the disclosure requirements of Section 3, 4, 7, 11, 12 and 33 of the standard. This information is included in the consolidated financial statements herein from a group perspective.

1.2 Basis of consolidation

The consolidated financial statements present the results of the group and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquirer's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair value at the acquisition date. The results of acquired operations are included in consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

The company has taken advantage of the exemptions allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents the total amount of commission and fees earned in the year with reference to commencement date of the insurance policy taken out by clients and is stated before introducer payments, commission sharing arrangements and other payaways which are reflected in cost of sales. Where there is an expectation of future servicing requirements arising after this date, a suitable proportion of income relating to the policy is deferred at inception and released over the life of the relevant policy. Turnover also includes override premiums, which are recognised on a receivable basis.

BRIDGE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.4 Intangible fixed assets - goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the fair value of its identifiable assets and liabilities at the date of acquisition. Goodwill is amortised on a straight line basis to the profit and loss account over its useful economic life.

1.5 Intangible fixed assets other than goodwill

Other intangible assets represent the cost of acquisition of books of business. They are amortised to the profit and loss account on a straight line basis over 5 years.

Amortisation of intangible assets is recognised within cost of sales.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when the cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, the estimated useful lives range as follows:

Leasehold improvement	10% straight line
Fixtures and fittings	10% straight line
Computer equipment	20-33% straight line
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

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.

1.7 Fixed asset investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.8 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable 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.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

BRIDGE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.9 Financial instruments

The group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties.

Debt instruments (other than those wholly repayable and receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured initially and subsequently, at the undiscounted amount of cash or other consideration, expected to be paid or received.

1.10 Insurance transactions assets and liabilities

Funds received in respect of insurance transactions are held in a statutory trust client bank account, together with certain funds received under risk transfer agreements where permission exists to co-mingle the funds and treat them as client money. Client bank account balances, debtors in respect of these transactions and the matching insurer liabilities are reflected on the balance sheet and shown net of fees and commissions receivable, which are included in trade debtors. Details of these amounts are shown in the notes to the financial statements. Interest credited to client bank accounts is recognised and reflected as interest receivable in these financial statements where the company has the right to such interest in accordance with the terms of business agreed with clients and insurers.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit of the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all the timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

BRIDGE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

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

The contributions are recognised as an expense in profit or loss as they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

1.14 Leases

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit and loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the lease term.

1.15 Foreign exchange

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.

1.16 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.

BRIDGE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Provision for doubtful debts

The directors have reviewed the trading business owing to the business from its customers and made adequate provision for any debts where it is considered probable that the amount will not be recovered. The amounts would otherwise have been recognised in trade debtors.

Deferred income

The directors have applied their knowledge of the operations of the business in determining a reasonable proportion of income to defer into future accounting periods, thereby matching benefits of the income with the associated post-inception costs.

3 Turnover and other revenue

	2019 £	2018 £
Turnover analysed by class of business		
Commissions receivable	11,906,237	10,705,514
	<u>2019</u> £	<u>2018</u> £
Turnover analysed by geographical market		
United Kingdom	11,476,887	10,422,280
Europe	267,754	203,328
Rest of the world	161,596	79,906
	<u>11,906,237</u>	<u>10,705,514</u>

BRIDGE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	17,750	18,540
Depreciation of owned tangible fixed assets	78,889	75,250
Depreciation of tangible fixed assets held under finance leases	18,837	24,153
Profit on disposal of tangible fixed assets	(256)	(7,297)
Amortisation of intangible assets	73,294	73,295
Operating lease charges	239,982	253,648

5 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Insurance broking	72	74	-	-
Administration and finance	18	18	-	-
	90	92	-	-

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	4,522,609	4,282,677	-	-
Social security costs	538,715	515,378	-	-
Pension costs	389,097	456,255	-	-
	5,450,421	5,254,310	-	-

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	385,705	378,857

BRIDGE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

6 Directors' remuneration

(Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	196,927	196,367

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	44,029	26,014

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	7,565	10,386
Interest on finance leases and hire purchase contracts	1,387	4,436
	8,952	14,822

9 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	136,080	96,910
Deferred tax		
Origination and reversal of timing differences	13,642	9,953
Total tax charge	149,722	106,863

BRIDGE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	750,020	512,570
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	142,504	97,388
Tax effect of expenses that are not deductible in determining taxable profit	9,883	10,746
Effect of change in corporation tax rate	(2,665)	(1,271)
Taxation charge	149,722	106,863

10 Intangible fixed assets

Group	Goodwill £	Other intangible assets £	Total £
Cost			
At 1 April 2018 and 31 March 2019	2,146,285	366,474	2,512,759
Amortisation and impairment			
At 1 April 2018	2,146,285	282,771	2,429,056
Amortisation charged for the year	-	73,294	73,294
At 31 March 2019	2,146,285	356,065	2,502,350
Carrying amount			
At 31 March 2019	-	10,409	10,409
At 31 March 2018	-	83,703	83,703

The company had no intangible fixed assets at 31 March 2019 or 31 March 2018.

BRIDGE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

11 Tangible fixed assets

Group	Leasehold improvement £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2018	659,232	132,454	560,908	91,962	1,444,556
Additions	-	44,915	95,152	-	140,067
Disposals	-	-	-	(14,130)	(14,130)
At 31 March 2019	659,232	177,369	656,060	77,832	1,570,493
Depreciation and impairment					
At 1 April 2018	574,518	118,995	459,419	9,253	1,162,185
Depreciation charged in the year	11,525	3,107	62,394	20,700	97,726
Eliminated in respect of disposals	-	-	-	(8,541)	(8,541)
At 31 March 2019	586,043	122,102	521,813	21,412	1,251,370
Carrying amount					
At 31 March 2019	73,189	55,267	134,247	56,420	319,123
At 31 March 2018	84,714	13,459	101,489	82,709	282,371

The company had no tangible fixed assets at 31 March 2019 or 31 March 2018.

BRIDGE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

11 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2019 £	2018 £	Company 2019 £	2018 £
Computer equipment	-	22,405	-	-
Motor vehicles	56,510	75,347	-	-
	<u>56,510</u>	<u>97,752</u>	<u>-</u>	<u>-</u>
Depreciation charge for the year in respect of leased assets	18,837	24,153	-	-
	<u>18,837</u>	<u>24,153</u>	<u>-</u>	<u>-</u>

12 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	13	-	-	2,156,575	2,156,575
Other investments		73,207	73,207	-	-
		<u>73,207</u>	<u>73,207</u>	<u>2,156,575</u>	<u>2,156,575</u>

Movements in fixed asset investments

Group	Other fixed asset investments £
Cost or valuation	
At 1 April 2018 and 31 March 2019	<u>73,207</u>
Carrying amount	
At 31 March 2019	<u>73,207</u>
At 31 March 2018	<u>73,207</u>

BRIDGE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

12 Fixed asset investments

(Continued)

Movements in fixed asset investments Company

Shares in
group
undertakings
£

Cost or valuation

At 1 April 2018 and 31 March 2019

2,156,575

Carrying amount

At 31 March 2019

2,156,575

At 31 March 2018

2,156,575

Other fixed asset investments represent the group's investment in 6% of the preference B shares of CHF 5,000 each of Brokerslink Management AG, a company incorporated in Switzerland.

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Bridge Insurance Brokers Limited	England & Wales	Insurance broker	A ordinary & B ordinary	100	
Bridge Insurance Brokers London Limited	England & Wales	Dormant	Ordinary	100	
Bridge Insurance Brokers (Manchester) Limited	England & Wales	Dormant	Ordinary	100	

14 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	1,763,522	1,523,700	-	-
Insurance debtors	3,298,052	2,459,255	-	-
Other debtors	115,470	65,188	-	-
Prepayments and accrued income	256,617	176,165	-	-
	<u>5,433,661</u>	<u>4,224,308</u>	<u>-</u>	<u>-</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, insurance debtors and other debtors.

BRIDGE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

15 Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	2,170,102	1,845,732
Client money held in trust	4,671,189	4,305,114

Client money held in trust, together with insurance debtors, represent amounts received or otherwise recoverable at the balance sheet date from clients on behalf of insurers in respect of confirmed policies. These amounts are stated exclusive of commission and fees receivable, which are reflected in cash or trade debtors, and in total are balanced by an equivalent liability to insurance creditors.

16 Creditors: amounts falling due within one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	75,685	72,514	-	-
Obligations under finance leases	12,984	20,629	-	-
Trade creditors	373,667	300,216	-	-
Insurance creditors	7,969,241	6,764,368	-	-
Amounts due to group undertakings	-	-	-	178,917
Corporation tax payable	136,080	96,910	-	-
Other taxation and social security	155,489	150,200	-	-
Other creditors	23,039	17,143	-	-
Accruals and deferred income	1,798,444	1,383,532	-	-
	<u>10,544,629</u>	<u>8,805,512</u>	<u>-</u>	<u>178,917</u>

Obligations under bank loans are supported by a fixed and floating charge over all property and assets of the group.

Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, obligations under finance lease and hire purchase contracts, insurance creditors and other creditors.

17 Creditors: amounts falling due after more than one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	72,538	148,610	-	-
Obligations under finance leases	12,983	26,712	-	-
	<u>85,521</u>	<u>175,322</u>	<u>-</u>	<u>-</u>

BRIDGE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

17 Creditors: amounts falling due after more than one year

(Continued)

Obligations under bank loans are supported by a fixed and floating charge over all property and assets of the group. The bank loan is repayable in instalments and is due for repayment in full by 2021. A commercial rate of interest is charged on the loan.

Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

Financial liabilities measured at amortised cost comprise bank loans and obligations under finance leases and hire purchase contracts.

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
Group		
Accelerated capital allowances	40,025	14,039
Short term timing differences	(19,900)	(7,556)
	<u>20,125</u>	<u>6,483</u>

The company has no deferred tax assets or liabilities.

	Group 2019 £	Company 2019 £
Movements in the year:		
Liability at 1 April 2018	6,483	-
Charge to profit or loss	13,642	-
	<u>20,125</u>	<u>-</u>

19 Retirement benefit schemes

The group makes contributions to a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £389,097 (2018: £456,255). Contributions totalling £31,654 (2018: £37,446) were payable to the fund at the balance sheet date and are included in creditors.

BRIDGE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

20 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
20,000 Ordinary shares of £1 each	20,000	20,000

On 16 May 2018 the company established the Bridge Brokers Limited Enterprise Management Investment Scheme, granting options over 100 A ordinary £1 shares and 100 B ordinary £1 shares to certain employees of the company's subsidiary undertaking, Bridge Insurance Brokers Limited (such shares to be issued and allotted on exercise). The options are exercisable at £1 per share and only upon the occurrence of certain events. All options remain in existence at the balance sheet date.

No share based payment charge is recorded within these financial statements as the options were granted at the market value of the shares at the date of grant.

21 Client money

The following amounts are reflected in the balance sheet in relation to client money and the related insurer liabilities.

	2019	2018
	£	£
Client money held in trust	4,671,189	4,305,114
Insurance debtors	3,298,052	2,459,255
Insurance creditors	7,969,241	6,764,369

22 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Within one year	218,840	196,048	-	-
Between two and five years	611,577	-	-	-
	830,417	196,048	-	-

BRIDGE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

23 Related party transactions

During the year the group paid rent of £142,184 (2018: £138,448) to pension schemes, of which M Backner and G D Cohen are trustees and members. There was no amount owing to the fund at either the current or preceding year end.

In preparing these financial statements, advantage has been taken of the provision under Financial Reporting Standard 102 Section 33.1A, which states that disclosure is not required of transactions with entities that are part of the group, as all subsidiaries are wholly owned.

At the balance sheet date, an amount of £nil (2018: £178,917) was owed by the company to Bridge Insurance Brokers Limited, a subsidiary undertaking.

During the year the group incurred costs of £48,667 (2018: £29,214) of behalf on Bridge-Ipro Ltd, a company controlled by close family relatives of M Backner and G D Cohen. As at the balance sheet date, £97,096 (2018: £48,429) was owed to the company by Bridge-Ipro Ltd.

During the year the group has also provided a guarantee against the trade of Bridge-Ipro Ltd for specific contracts with two of Bridge-Ipro Ltd's suppliers. At the year end date this guarantee covers £94,821 (2018: £41,884) of liability for Bridge-Ipro Ltd.

24 Controlling party

In the opinion of the directors, the company is under the ultimate control of M Backner and G D Cohen.

25 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	600,298	405,707
Adjustments for:		
Taxation charged	149,722	106,863
Finance costs	8,952	14,822
Investment income	(44,029)	(26,014)
Gain on disposal of tangible fixed assets	(256)	(7,297)
Amortisation and impairment of intangible assets	73,294	73,295
Depreciation and impairment of tangible fixed assets	97,726	99,403
Movements in working capital:		
(Increase) in debtors	(370,556)	(235,458)
(Increase)/decrease in insurance debtors	(838,797)	270,177
Increase in creditors	499,548	345,821
Increase in insurance creditors	1,204,873	1,609,163
Cash generated from operations	1,380,775	2,656,482