

Registrar's Copy

**Academy Insurance Services Limited
Limited**

Report and Financial Statements

Year Ended

30 June 2011

Company Number 3041967

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Academy Insurance Services Limited

**Report and financial statements
for the year ended 30 June 2011**

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Directors

D M Bard
K R Munn

Secretary and registered office

V Farrelly, Unit 11, Horseshoe Park, Horseshoe Road, Pangbourne, RG8 7JW

Company number

3041967

Auditors

BDO LLP, Kings Wharf, 20-30 Kings Road, Reading, Berkshire, RG1 3EX

Academy Insurance Services Limited

Report of the directors for the year ended 30 June 2011

The directors present their report, together with the audited financial statements, for the year ended 30 June 2011.

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year.

The directors do not recommend the payment of a dividend for the year (2010 - £Nil).

Principal activities, trading review and future developments

The principal activity of the company is that of an insurance broker for general and personal insurances. It operates in and sells policies throughout the UK (excluding Northern Ireland). During the period under review there were no changes to the activities of the company nor are there any plans to change the company's activities in the future.

Despite the general economic climate the company finished the 2011 financial year with an improved turnover of £8,797m. The profit and loss account shows that the actions taken by the Directors to keep control of the overheads and maintain profit margins continues to be successful with an operating profit before share based payment expenses and amortisation of £30,810. The balance sheet remains strong with net assets of £821,635 at 30 June 2011 and cash held (excluding client balances) of £0.8m.

As a result of the economic downturn the company has reviewed and actively reduced its cost base. The directors believe this action will ensure that the company is able to improve margins going forward and is well placed to take advantage of any upturn in market conditions.

The directors consider turnover, gross margins, cash inflows and balances and the level of working capital to be the key performance indicators for the business. All of these are disclosed within the financial statements and the directors continue to be pleased with how the company is performing in relation to these KPI's in a difficult marketplace.

Overall the directors are satisfied with the progress the company has made over the year and look forward to continued successful trading in the future.

Principal risks and uncertainties

The domestic insurance market is in turmoil, with insurer consolidations and even exits continuing apace. As underwriting capacity is being squeezed, premium increases are now being carried and this will continue for the foreseeable future. Our average income per policy has and will continue to rise, although some of this is being offset by the success of the internet aggregator sites, but they are coming under pressure from the carriers who are seeing unacceptable losses, in some part caused by consumer fraud.

Traditional off the page advertising remains ineffective and a larger proportion of our marketing budget is being directed towards internet search engines and localised advertising. Pressure on our renewal retention and acquisition costs continues, but again is offset by higher income per policy.

Charitable and political donations

During the year the company made charitable contributions of £3,595 (2010 - £8,389). There were no political contributions.

Academy Insurance Services Limited

Report of the directors for the year ended 30 June 2011 (*continued*)

Directors

The directors of the company during the year were as follows

D M Bard
K R Munn

At 30 June 2011, third party indemnity provision for the benefit of the company's directors was in force

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the next annual general meeting.

On behalf of the Board



D M Bard
Director

Date 27 October 2011

Academy Insurance Services Limited

Independent auditor's report

TO THE MEMBERS OF ACADEMY INSURANCE SERVICES LIMITED

We have audited the financial statements of Academy Insurance Services Limited for the year ended 30 June 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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 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 statement of directors' responsibilities, 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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 30 June 2011 and of its loss 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.

Opinion on other matters 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.

Academy Insurance Services Limited

Independent auditor's report (*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

BDO LLP

Christopher Pooles, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Reading
United Kingdom

28 October 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Academy Insurance Services Limited

Profit and loss account for the year ended 30 June 2011

	Note	2011 £	2010 £
Turnover	2	8,796,737	8,619,817
Administrative expenses		8,898,289	8,638,137
Operating profit before share based payment expense and amortisation of goodwill		30,810	304,088
Share based payment expense		50,000	-
Amortisation of goodwill		82,362	322,408
Operating loss	5	(101,552)	(18,320)
Interest receivable		28,098	41,572
Interest payable	6	(41,252)	(15,547)
(Loss)/profit on ordinary activities before taxation		(114,706)	7,705
Taxation on (loss)/profit from ordinary activities	7	(677)	6,172
(Loss)/profit on ordinary activities after taxation	16	(115,383)	1,533

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 7 to 15 form part of these financial statements

Academy Insurance Services Limited

Balance sheet
at 30 June 2011

<i>Company number 3041967</i>	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Intangible assets	8		71,034		64,453
Tangible assets	9		502,611		445,687
			<hr/>		<hr/>
			573,645		510,140
Current assets					
Debtors	10	4,858,277		2,451,137	
Cash at bank	11	1,557,422		1,775,933	
		<hr/>		<hr/>	
		6,415,699		4,227,070	
Creditors: amounts falling due within one year	12	(6,167,709)		(3,850,192)	
		<hr/>		<hr/>	
Net current assets			247,990		376,878
			<hr/>		<hr/>
			821,635		887,018
			<hr/>		<hr/>
			821,635		887,018
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	14		260,000		260,000
Profit and loss account	16		511,635		627,018
Capital contribution	16		50,000		-
			<hr/>		<hr/>
Shareholder's funds	17		821,635		887,018
			<hr/>		<hr/>

The financial statements were approved by the Board and authorised for issue on 27 October 2011


D M Bard
Director

The notes on pages 7 to 15 form part of these financial statements

Academy Insurance Services Limited

Notes forming part of the financial statements for the year ended 30 June 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents commissions and fees earned from customers, which are recognised when the company has performed its obligations.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by The Unbeatable Group Limited and the company is included in its consolidated financial statements.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated on a straight line basis at the following rates:

Computer equipment	-	20% per annum
Fixtures and fittings	-	20% per annum
Motor vehicles	-	20% - 33% per annum

Goodwill

Purchased goodwill is amortised over 2-3 years, following acquisition.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. The recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2011 (*continued*)

1 Accounting policies (*continued*)

Share based payments

FRS 20, 'Share Based Payments', requires the recognition of share based payments at a fair value at the date of grant

The fair value of employee share option plans is measured at the date of grant of the option. The resulting cost, as adjusted for the expected and actual level of vesting of the options, is charged to income over the period in which the options vest. At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and managements' best estimate of the achievement or otherwise of non-market conditions, of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement with a corresponding entry in equity.

Assets and liabilities relating to insurance transactions

The company acts as an agent in placing the insurance business of its clients and generally the company is not liable as principal for amounts arising from such transactions. The company is entitled to retain any investment income arising from the cash flows attributable to these transactions and has therefore included debtors, creditors and cash balances relating to insurance transactions within the assets and liabilities of the company.

Employee Benefit Trust

An Employee Benefit Trust ("EBT") arrangement exists for the benefit of the directors and staff of the Company. Payments in connection with the EBT are charged to the profit and loss account in the period for which the benefits accrue to the individual employees and directors.

In accordance with UITF Abstract 32, Employee Benefit Trusts and Other Intermediate Payment Arrangements, the company includes the assets and liabilities of the EBT on its balance sheet where it retains a future economic benefit from the assets of the EBT or has control of the rights or other access to those future economic benefits.

2 Turnover

All turnover is derived from commissions and fees earned from insurance policies sold wholly within the United Kingdom.

3 Employees

	2011 £	2010 £
Staff costs (including directors) consist of		
Wages and salaries	2,602,012	2,661,019
Incentivisation payment	2,800,000	2,400,000
Social security costs	291,543	268,588
Pension costs	34,364	31,581
Share based payments	50,000	-
	<hr/>	<hr/>
	5,777,919	5,361,188
	<hr/>	<hr/>

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2011 (*continued*)

3 Employees (*continued*)

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

	2011 Number	2010 Number
Full time	105	111

4 Directors' emoluments

	2011 £	2010 £
Directors' emoluments consist of.		
Fees and remuneration for management services	127,692	112,300
Emoluments of Highest paid director	72,738	56,685

5 Operating loss

	2011 £	2010 £
This is arrived at after charging:		
Depreciation	190,390	198,152
Amortisation of goodwill	82,362	322,408
Auditors' remuneration		
- audit services	25,200	23,500
- services relating to taxation	143,940	168,231
- all other services	3,881	748
Operating lease rentals - land and buildings	293,620	304,947

6 Interest payable and similar charges

	2011 £	2010 £
Other loans	41,252	15,547

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2011 (*continued*)

7 Taxation on (loss)/profit from ordinary activities

	2011 £	2010 £
<i>Current tax</i>		
UK corporation tax on (loss)/profit of the year	4,730	16,566
Adjustments in respect of prior periods	3,794	-
	<hr/>	<hr/>
Total current tax	8,524	16,566
<i>Deferred tax</i>		
Transferred from deferred taxation	(8,092)	(9,083)
Effect of tax rate change on opening balance	245	(1,311)
	<hr/>	<hr/>
Taxation on (loss)/profit on ordinary activities	677	6,172
	<hr/>	<hr/>

The tax assessed for the year is calculated at a rate that is different to the standard rate of corporation tax in the UK. The differences are explained below

	2011 £	2010 £
(Loss)/profit on ordinary activities before tax	(114,706)	7,705
	<hr/>	<hr/>
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 20.75% (2010 - 21%)	(23,802)	1,618
<i>Effects of</i>		
Expenses not deductible for tax purposes	19,368	5,865
Capital allowances in excess of depreciation	(1,211)	9,083
Adjustments in respect of prior periods	3,794	-
Short term timing differences	10,375	-
	<hr/>	<hr/>
	8,524	16,566
	<hr/>	<hr/>

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2011 (*continued*)

8 Intangible assets

	Goodwill
	£
<i>Cost</i>	
At 1 July 2010	2,215,037
Additions	85,000
Adjustments to consideration	3,943
	<hr/>
At 30 June 2011	2,303,980
	<hr/>
<i>Amortisation</i>	
At 1 July 2010	2,150,584
Provided for the year	82,362
	<hr/>
At 30 June 2011	2,232,946
	<hr/>
<i>Net book value</i>	
At 30 June 2011	71,034
	<hr/>
At 30 June 2010	64,453
	<hr/>

The above goodwill relates to acquisitions of books of insurance policies and/or businesses from third parties

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2011 (*continued*)

9 Tangible assets

	Motor vehicles £	Computer equipment £	Fixtures and fittings £	Total £
<i>Cost</i>				
At 1 July 2010	279,336	449,326	423,424	1,152,086
Additions	140,375	41,912	107,495	289,782
Disposals	(113,350)	-	-	(113,350)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2011	306,361	491,238	530,919	1,328,518
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 July 2010	127,999	287,115	291,285	706,399
Provided for the year	63,876	59,388	67,126	190,390
Disposals	(70,882)	-	-	(70,882)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2011	120,993	346,503	358,411	825,907
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 June 2011	185,368	144,735	172,508	502,611
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2010	151,337	162,211	132,139	445,687
	<hr/>	<hr/>	<hr/>	<hr/>

10 Debtors

	2011 £	2010 £
Insurance transaction debtors	1,407,108	1,077,709
Amount owed by parent undertaking	815,674	779,674
Other debtors	1,909,060	68,553
Prepayments and accrued income	713,439	520,052
Deferred tax asset	12,996	5,149
	<hr/>	<hr/>
	4,858,277	2,451,137
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year

11 Cash at bank

Cash at bank at the year end includes insurance premiums received on behalf of customers placed in a separate clients' account amounting to £771,212 (2010 - £1,201,119).

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2011 (*continued*)

12 Creditors: amounts falling due within one year

	2011 £	2010 £
Insurance transaction creditors	2,178,320	2,278,828
Trade creditors	308,301	242,537
Corporation tax	4,730	16,566
Taxation and social security	72,229	71,212
Other creditors	45,499	-
Other loans	2,550,000	750,000
Accruals and deferred income	1,008,630	491,049
	<u>6,167,709</u>	<u>3,850,192</u>

13 Deferred taxation

	£
At 1 July 2010	5,149
Credited to profit and loss account	7,847
	<u>12,996</u>
At 30 June 2011	

	2011 £	2010 £
The deferred tax asset consists of the following:		
Accelerated capital allowances	2,996	5,149
Short term timing differences	10,000	-
	<u>12,996</u>	<u>5,149</u>

14 Share capital

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	260,000	260,000
	<u>260,000</u>	<u>260,000</u>

15 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge included within salaries and wages represents contributions payable by the company to the fund.

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2011 (*continued*)

16 Reserves

	Capital contribution £	Profit and loss account £
At 1 July 2010	-	627,018
Loss for the year	-	(115,383)
Share based payments	50,000	-
	<hr/>	<hr/>
At 30 June 2011	50,000	511,635
	<hr/>	<hr/>

17 Reconciliation of movements in shareholder's funds

	2011 £	2010 £
(Loss)/profit for the year	(115,383)	1,533
Share based payments	50,000	-
	<hr/>	<hr/>
Net movements in shareholder's funds	(65,383)	1,533
Opening shareholder's funds	887,018	885,485
	<hr/>	<hr/>
Closing shareholder's funds	821,635	887,018
	<hr/>	<hr/>

18 Commitments under operating leases

As at 30 June 2011 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2011 £	Land and buildings 2010 £
Operating leases which expire		
Within one year	7,253	41,417
Within two to five years	107,200	216,003
After five years	128,153	39,600
	<hr/>	<hr/>
	242,606	297,020
	<hr/>	<hr/>

Academy Insurance Services Limited

**Notes forming part of the financial statements
for the year ended 30 June 2011 (*continued*)**

19 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "related party disclosures" not to disclose transactions with members of the group headed by The Unbeatable Group Limited on the grounds that all of the voting rights in the company are controlled within that group and the company is included in its consolidated financial statements. The consolidated financial statements are publicly available and may be obtained from Companies House.

The company has entered into agreements to lease premises from Caramello Services Limited, a company owned by the trustees of settlements of which both D M Bard and K R Munn are beneficiaries. The rent charged to the profit and loss account in respect of these premises during the year was £43,750 (2010 - £40,000). During the year £7,792 (2010 - £Nil) of payments were made on behalf of Caramello Services Limited and the full balance remained outstanding at year end (2010 - £Nil).

The Trustees of the David Morgan Bard 2005 Family Trust and the Trustees of the Kevin Richard Munn 2005 Family Trust have made loans of £250,000 and £500,000, respectively, to the company. The amount owed to these trusts at 30 June 2011 was £750,000 (2010 - £750,000) and is shown within "other loans" on the balance sheet. Interest of £14,708 (2010 - £15,547) was charged to the profit and loss account in respect of these loans during the year.

During the year loan notes totalling £4.6m were issued to the company's directors, D M Bard and K R Munn. £2.4m of the loan notes had been repaid by 30 June 2011, leaving a balance of £2.2m outstanding. The loan notes bear interest of the greater of base rate plus 1.5% or the official rate, capped at 2% per annum. Interest charged to the profit and loss account in the year amounted to £26,544.

During the year, K R Munn sold a motor vehicle to the company for £13,367 and purchased a motor vehicle from the company for £42,461. In the previous year Mr Munn sold a motor vehicle to the company for £26,000.

During the year, V Farrelly purchased a car from the company for £1,000.

At year end a balance of £8,000 (2010 - £Nil) was due from D M Bard and K R Munn in respect of transactions paid on their behalf by the company.

20 Ultimate holding and controlling entity

The company is a wholly owned subsidiary of The Unbeatable Group Limited (incorporated in UK) which is regarded by the directors as the company's immediate controlling party and ultimate parent company at 30 June 2011.

Copies of the consolidated financial statements of The Unbeatable Group Limited are available from Companies House.