

# **Academy Insurance Services Limited**

Annual Report and Financial Statements

Year Ended

30 June 2019

Company Number 03041967



# Academy Insurance Services Limited

## Company Information

---

<b>Directors</b>	V Farrelly N Turner
<b>Company secretary</b>	Blakelaw Secretaries Limited
<b>Registered number</b>	03041967
<b>Registered office</b>	Unit 11 Horseshoe Park Horseshoe Road Pangbourne Berkshire RG8 7JW
<b>Independent auditor</b>	BDO LLP Thames Tower Station Road Reading Berkshire RG1 1LX

# **Academy Insurance Services Limited**

## **Contents**

---

	<b>Page(s)</b>
<b>Strategic Report</b>	<b>1 - 2</b>
<b>Directors' Report</b>	<b>3 - 4</b>
<b>Independent Auditor's Report</b>	<b>5 - 7</b>
<b>Statement of Comprehensive Income</b>	<b>8</b>
<b>Balance Sheet</b>	<b>9</b>
<b>Statement of Changes in Equity</b>	<b>10</b>
<b>Notes to the Financial Statements</b>	<b>11 - 28</b>

# Academy Insurance Services Limited

## Strategic Report For the Year Ended 30 June 2019

---

The directors present their Strategic report, Directors' report and the audited financial statements for Academy Insurance Services Limited (the "company") for the year ended 30 June 2019.

### Trading review

As forecast last year, legislation continued to have an adverse impact on industry incomes. Despite this the directors are happy with a strong sales performance this year. Policy count and income remained static even due to further erosion of income from our third party claims services.

### Principal risks and uncertainties

#### Coronavirus

The directors of the company are currently assessing the impact of COVID-19. The industry in which the company operates is considered resilient to a downturn in the economy considering the majority of revenue is derived from commission earned from insurance policies, many of which are a legal requirement. Approximately 80% of revenue is derived from policies originating in the motor and property market and historically retention rates are over 75%. Almost all employees have the ability to work remotely and therefore policy renewals and new business are expected to continue. However, the directors consider it reasonable to forecast that the company may see a decline in both renewals for non-essential insurance and new business generated from passing trade in shop premises.

The situation is evolving rapidly and it is not possible at this stage to determine with any certainty the full impact on the company, its customers, employees and suppliers. The directors have forecast different scenarios and believe that operational risks are mitigated by the current procedures in place and ongoing future risk planning. However, the situation is extremely uncertain. Although this is considered unlikely at this stage, there is a risk the company could require further funding. On this basis there is considered to be a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

#### General risks

The domestic motor insurance market experienced readjustment with the legislation regarding minor injury payments. More recently the government introduced new Ogden tables substantially reducing the expected level of return from injury compensation investment. This in turn resulted in premium rises across all classes of liability insurance. The government is still reviewing the impact of their decision and may indeed introduce a differential which will result in a further reduction of premiums going forward.

The directors do not consider there to be any other material risks, other than those disclosed above which require disclosure in the financial statements.

### Objectives and strategies

The directors are excited about the future years' trading, recognising the current environment and uncertainty, however with growth of clients and premium at the forefront, along with continued acquisitions to boost the portfolio. Continued shift to commercial clients will continue to be one of their priorities.

## Academy Insurance Services Limited

### Strategic Report (continued) For the Year Ended 30 June 2019

#### Key performance indicators

The directors consider turnover, operating profit before amortisation, impairment and provisions and cash balances 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:

#### Financial KPI's

	2019 £	2018 £	Movement £
Turnover	10,825,725	9,100,563	1,725,162
Operating profit before amortisation	3,057,343	2,347,580	709,763
Cash balance*	906,138	368,902	537,236

\* Cash balance excludes balances held in client accounts (note 15), which are not company assets.

This report was approved by the board on

9/4/2020

and signed on its behalf.

  
V Farrelly  
Director

# Academy Insurance Services Limited

## Directors' Report For the Year Ended 30 June 2019

---

The directors present their report and the financial statements for the company for the year ended 30 June 2019.

### Principal activity

The company is a retail insurance broker.

### Business review

The Strategic report on page 1 includes a summary of performance for the year to 30 June 2019 and details of the principal risks and uncertainties, strategic objectives and key performance indicators of the company.

### Results and dividends

The profit for the year, after taxation, amounted to £2,115,625 (2018 - £2,038,668).

During the year, the directors declared a dividend of £0.30 (2018 - £Nil) per ordinary share, giving a total dividend of £78,775 for the year (2018 - £Nil).

### Directors

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

V Farrelly  
N Turner

At 30 June 2019, third party indemnity provision for the benefit of the company's directors was in force.

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Academy Insurance Services Limited

### Directors' Report (continued) For the Year Ended 30 June 2019

#### Going concern

As set out on page 1, the directors are currently assessing the impact of COVID-19. Although the company has sufficient financial resources and is in a strong position to deal with the possible economic impact, the situation is evolving rapidly and it is not possible at this stage to determine with any certainty the full impact on the company and the wider group, including its customers, employees and suppliers.

Revenues to date have not seen a significant decline. The directors have forecast different future scenarios and reviewed the resultant cash flow forecasts and believe the company has sufficient ongoing business and cash resources to meet most potential scenarios, although the situation is extremely uncertain and is evolving rapidly. Although this is considered unlikely at this stage, there is a risk the company could require further funding. On this basis there is considered to be a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

#### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### Post balance sheet events

Subsequent to the year end the company's subsidiary undertaking has been dissolved, see note 13. The company received a dividend before dissolution of £361,876.

Subsequent to the year end a pandemic was declared regarding COVID-19. The situation is evolving rapidly and it is not possible at this stage to determine with any certainty the full impact on the company, its customers, employees and suppliers. The directors have forecast different scenarios and believe that operational risks are mitigated by the current procedures in place and ongoing future risk planning, although the situation is extremely uncertain and is evolving rapidly. Although this is considered unlikely at this stage, there is a risk the company and wider group could require further funding. On this basis there is considered to be a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. The risks, strategies and responses to COVID-19 have been assessed in the Strategic report on page 1.

#### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 9/4/2020 and signed on its behalf.

  
V Farrelly  
Director

# Academy Insurance Services Limited

## Independent Auditor's Report to the Members of Academy Insurance Services Limited

---

### Opinion

We have audited the financial statements of Academy Insurance Services Limited ("the company") for the year ended 30 June 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet and the Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

### Material uncertainty related to going concern

We draw your attention to note 2.4 which states that the Directors continue to assess the impact of COVID-19 which could lead to the risk that further funding is required within the next twelve months. On this basis there is considered to be a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



# **Academy Insurance Services Limited**

## **Independent Auditor's Report to the Members of Academy Insurance Services Limited (continued)**

---

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic report and Directors' 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

# Academy Insurance Services Limited

## Independent Auditor's Report to the Members of Academy Insurance Services Limited (continued)

---

### 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

**BDO LLP**

**Jonathan Roberts** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Reading, UK

Date: **10 April 2020**

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

# Academy Insurance Services Limited

## Statement of Comprehensive Income For the Year Ended 30 June 2019

	Note	2019 £	2018 £
Turnover	4	10,825,725	9,100,563
Administrative expenses		(8,075,764)	(6,902,100)
<b>Operating profit</b>	5	<b>2,749,961</b>	2,198,463
Interest payable	8	-	(14,652)
<b>Profit before taxation</b>		<b>2,749,961</b>	2,183,811
Taxation on profit	9	(634,336)	(145,143)
<b>Profit for the financial year and total comprehensive income for the year</b>		<b>2,115,625</b>	2,038,668

All amounts relate to continuing activities.

There was no other comprehensive income for 2019 (2018 - £Nil).

The notes on pages 11 to 28 form part of these financial statements.

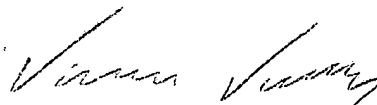
**Academy Insurance Services Limited**  
Registered number: 03041967

**Balance Sheet**  
**As at 30 June 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible fixed assets	11	1,357,906	21,226
Tangible assets	12	113,776	145,511
Investments	13	312,142	1,589,142
		<u>1,783,824</u>	<u>1,755,879</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	3,791,403	3,857,098
Cash at bank	15	2,066,448	1,444,254
		<u>5,857,851</u>	<u>5,301,352</u>
Creditors: amounts falling due within one year	16	(5,247,861)	(6,777,759)
<b>Net current assets/(liabilities)</b>		<u>609,990</u>	<u>(1,476,407)</u>
<b>Total assets less current liabilities</b>		<u>2,393,814</u>	<u>279,472</u>
Creditors: amounts falling due after more than one year	17	(242,461)	-
<b>Provisions for liabilities</b>			
Deferred tax	18	(127,648)	-
		<u>(127,648)</u>	<u>-</u>
<b>Net assets</b>		<u>2,023,705</u>	<u>279,472</u>
<b>Capital and reserves</b>			
Called up share capital	20,21	260,000	260,000
Capital contribution	21	50,000	50,000
Profit and loss account	21	1,713,705	(30,528)
<b>Total equity</b>		<u>2,023,705</u>	<u>279,472</u>

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

**V Farrelly**  
Director



9/4/2020

The notes on pages 11 to 28 form part of these financial statements.

# Academy Insurance Services Limited

## Statement of Changes in Equity For the Year Ended 30 June 2019

	Called up share capital	Capital contribution	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2018 (as previously stated)	260,000	50,000	(30,528)	279,472
Hive up (note 13)	-	-	(292,517)	(292,517)
At 1 July 2018	<u>260,000</u>	<u>50,000</u>	<u>(323,145)</u>	<u>(13,145)</u>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	2,115,625	2,115,625
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>2,115,625</u>	<u>2,115,625</u>
Dividends: Equity capital	-	-	(78,775)	(78,775)
<b>Total transactions with owners</b>	<u>-</u>	<u>-</u>	<u>(78,775)</u>	<u>(78,775)</u>
<b>At 30 June 2019</b>	<u>260,000</u>	<u>50,000</u>	<u>1,713,705</u>	<u>2,023,705</u>

## Statement of Changes in Equity For the Year Ended 30 June 2018

	Called up share capital	Capital contribution	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2017	260,000	50,000	(2,069,196)	(1,759,196)
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	2,038,668	2,038,668
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>2,038,668</u>	<u>2,038,668</u>
<b>At 30 June 2018</b>	<u>260,000</u>	<u>50,000</u>	<u>(30,528)</u>	<u>279,472</u>

The notes on pages 11 to 28 form part of these financial statements.

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

---

### 1. General information

Academy Insurance Services Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the Strategic report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of VMANS Limited as at 30 June 2019 and these financial statements may be obtained from Companies House.

#### 2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

---

### 2. Accounting policies (continued)

#### 2.4 Going concern

The company made a profit after taxation of £2,115,625 (2018 - £2,038,668) for the year, had net current assets of £609,990 (2018 - net current liabilities of £1,476,407) and had net assets of £2,023,705 (2018 - £279,472) at the balance sheet date.

The directors have prepared revised cash flow forecasts in response to COVID-19 and considered the cash flow requirement for the company for a period including twelve months from the date of approval of these financial statements. The directors have forecast that the company may see a decline in both renewals for non-essential insurance and new business generated from passing trade in shop premises. However, the situation is extremely uncertain and is evolving rapidly. It is not possible at this stage to determine with any certainty the full impact on the company, its customers, employees and suppliers. Although this is considered unlikely at this stage, there is a risk the company could require further funding. On this basis there is considered to be a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

#### 2.5 Hive up accounting

The company accounts for group reconstructions in its individual accounts using hybrid accounting. Under hybrid accounting the assets of the company being hived up are transferred at book value, this includes adjustments to goodwill and intangible assets to reflect any amortisation recognised between the time from the original acquisition of the entity to the date of hive up. Adjustments made to goodwill and intangibles are recognised within equity. Comparatives are not restated.

#### 2.6 Revenue

Turnover represents commissions and fees earned from insurance policies sold, recognised when the company has performed its obligations which is normally when the policy concerned incepts.

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

---

### 2. Accounting policies (continued)

#### 2.7 Intangible assets

##### Goodwill

Goodwill acquired after the date of transition to FRS 102 represents the excess of the cost of a business combination over the fair value of the share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is present in the company due to the hive-up of the acquired company's net assets into the company and thus the recognition of goodwill and intangible assets rather than an investment. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 5 years. Goodwill is being amortised to 'administrative expenses' over 5 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

##### Other intangible assets

Where an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. Amortisation is charged to administration expenses in profit and loss so as to allocate the cost of assets over their estimated useful lives, using the straight line method. The estimated useful lives are as follows:

Books of insurance policies	- 2 - 3 years
Customer relationships	- 10 years
Brand	- 5 years
Computer software	- 5 years

The initial fair value at the acquisition date and estimated useful lives of intangible assets is derived by reference to the company's past acquisitions of similar intangible assets.

#### 2.8 Tangible fixed assets

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



# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

---

### 2. Accounting policies (continued)

#### 2.8 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

#### 2.9 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset, or cash-generating unit (CGU) to which the asset has been allocated, is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### 2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where the assets of a subsidiary are hived-up into the company, the excess of the investment value over net assets is recognised instead as goodwill and intangible assets.

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

---

### 2. Accounting policies (continued)

#### 2.11 Financial assets

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

#### Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instruments contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

#### 2.12 Finance costs

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

#### 2.13 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.

#### 2.14 Leased assets

All of the company's leases are operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 July 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of lease.

For leases entered into on or after 1 July 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Where the company has a legal obligation, a dilapidation's provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

#### 2.15 Pensions

##### Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when 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 company in independently administered funds.

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

---

### 2. Accounting policies (continued)

#### 2.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

#### 2.17 Assets and liabilities relating to insurance transactions

The company acts as an agent in placing the insurance business of its clients; 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.

#### 2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

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

In preparing these financial statements, the directors have made the following judgements:

- Leases (see note 23)

Determine whether leases entered into by the company are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis. The company has concluded all leases are operating leases.

- Intangible assets, including goodwill (see note 11)

Determine whether there are indicators of impairment of the company's intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

- Creditors and liabilities (see note 16)

Liabilities are recognised at the balance sheet date and include amounts for accrued holiday pay, bonuses, legal costs and other accruals. Although these amounts are reviewed on a regular basis and adjusted to reflect management's best current estimates, the judgemental nature of these items means that future amounts settled may be different from those provided.

#### *Other key sources of estimation uncertainty*

- Intangible fixed assets - books of insurance policies, customer relationships and brand (see note 11)

In determining the fair value and useful life of acquired books of insurance policies, customer relationships and brand the past performance of similar assets is assessed. The performance of these assets may be different to their expected performance and thus the actual value may be higher or lower than that included in the accounts. The nature, facts and circumstances of acquired assets are assessed in the valuation methodology.

### 4. Turnover

	2019 £	2018 £
Standard commission	5,388,514	4,902,667
Standard fees	3,853,566	2,927,143
Other insurance related income	1,583,645	1,270,753
	<b>10,825,725</b>	<b>9,100,563</b>

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Tangible fixed assets - depreciation	57,988	99,530
Intangible fixed assets - amortisation	307,382	148,941
Auditors remuneration:		
- audit services	33,300	29,950
- services relating to taxation	6,500	5,700
- all other services	5,150	14,050
Operating lease rentals - land and buildings	388,348	338,070

### 6. Employees

Staff costs (including directors) consist of:

	2019 £	2018 £
Staff salaries	3,903,277	3,376,561
Staff national insurance	365,824	384,833
Staff pension costs - defined contribution schemes	85,840	96,187
	4,354,941	3,857,581

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

	2019	2018
Sales	97	87
Administration	39	37
Directors	2	2
Non executive directors	2	2
	140	128

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	250,401	62,714
Directors' pension contributions	12,242	-

There were two directors (2018 - one) in the company's defined contribution pension scheme during the year. The key management personnel of the company are considered to be its directors.

Interest free directors' loans of £95,140 and £133,960 were settled in the year by former directors K Munn and D Bard respectively.

The highest paid director received remuneration of £137,951.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,817.

### 8. Interest payable and similar expenses

	2019 £	2018 £
Interest on other loans	-	14,652

### 9. Taxation on profit

	2019 £	2018 £
<b>Corporation tax</b>		
UK corporation tax on profit of the year	543,870	75,038
Adjustments in respect of previous periods	(9,244)	70,105
<b>Total current tax</b>	<b>534,626</b>	<b>145,143</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	90,393	-
Adjustments in respect of prior periods	9,317	-
<b>Total deferred tax</b>	<b>99,710</b>	<b>-</b>
<b>Taxation on profit on ordinary activities</b>	<b>634,336</b>	<b>145,143</b>

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 9. Taxation on profit (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: lower than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<b>2,749,961</b>	2,183,811
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	<b>522,493</b>	414,924
<b>Effects of:</b>		
Fixed asset differences	<b>135,429</b>	5,030
Expenses not deductible for tax purposes	<b>4,163</b>	4,299
Adjustments to brought forward values	<b>52,865</b>	-
Other permanent differences	-	(352,963)
Adjustment for change in deferred tax rate	<b>9,317</b>	4,147
Adjustment to tax change in respect of prior periods	<b>(9,244)</b>	69,706
Other tax adjustments, reliefs and transfers	<b>(5,893)</b>	-
Adjustment to closing deferred tax to average rate of 19.00%	<b>(15,048)</b>	-
Adjustment to opening deferred tax to average rate of 19.00%	<b>4,414</b>	-
Other differences leading to an increase in the tax charge	<b>9,611</b>	-
Group relief	<b>(48,617)</b>	-
Timing differences not recognised in the computation	<b>(25,154)</b>	-
<b>Total tax charge for the year</b>	<b>634,336</b>	145,143

#### Factors that may affect future tax charges

The effect of changes to the corporation tax rates substantively enacted as part of the Finance Bill 2016 (on 7 September 2016) includes reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the reporting date have been measured using these enacted tax rates and reflected in these financial statements. Subsequent to the Statement of Financial Position date it has been announced that this change is to be reversed, for the rate to remain at 19% from 1 April 2020, however this has not yet been enacted.

There were no other factors that may affect future tax charges.

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 10. Dividends

	2019 £	2018 £
Interim dividend paid for the year ended 30 June 2019 of £0.30 per share (2018: £Nil per share)	78,775	-

### 11. Intangible assets

	Computer software £	Books of insurance policies £	Customer relationships £	Brand £	Goodwill £	Total £
<b>Cost</b>						
At 1 July 2018	-	628,410	-	-	-	628,410
Additions	263,623	278,329	-	-	-	541,952
Additions hived up from subsidiary (Note 13)	-	880	783,000	75,000	565,769	1,424,649
At 30 June 2019	263,623	907,619	783,000	75,000	565,769	2,595,011
<b>Amortisation</b>						
At 1 July 2018	-	607,184	-	-	-	607,184
Charge for the year	39,642	76,286	78,300	-	113,154	307,382
Additions hived up from subsidiary (Note 13)	-	-	96,667	75,000	150,872	322,539
At 30 June 2019	39,642	683,470	174,967	75,000	264,026	1,237,105
<b>Net book value</b>						
At 30 June 2019	223,981	224,149	608,033	-	301,743	1,357,906
At 30 June 2018	-	21,226	-	-	-	21,226



# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 12. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>			
At 1 July 2018	476,114	412,863	888,977
Additions	9,610	11,367	20,977
Additions hived up from subsidiary (Note 13)	12,042	7,736	19,778
At 30 June 2019	497,766	431,966	929,732
<b>Depreciation</b>			
At 1 July 2018	371,872	371,594	743,466
Charge for the year on owned assets	34,766	23,222	57,988
Additions hived up from subsidiary (Note 13)	7,875	6,627	14,502
At 30 June 2019	414,513	401,443	815,956
<b>Net book value</b>			
At 30 June 2019	83,253	30,523	113,776
At 30 June 2018	104,242	41,269	145,511

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 13. Investments

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 July 2018	1,589,142
Reallocation of cost of Investment in relation to hive up (Note 13)	(1,277,000)
At 30 June 2019	312,142
<b>Net book value</b>	
At 30 June 2019	312,142
At 30 June 2018	1,589,142

Investments represent the company's interest in its wholly owned subsidiary undertakings. Each of the company's subsidiary undertakings is registered in the United Kingdom.

#### Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Class of shares	Holding	Principal activity
Glynwood Insurance Services Limited	Ordinary	100 %	Retail insurance broker

The registered office of Glynwood Insurance Services Limited is Unit 11, Horseshoe Park, Horseshoe Road, Pangbourne, RG8 7JW.

The aggregate of the share capital and reserves as at 30 June 2019 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Glynwood Insurance Services Limited	361,877	-

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 13. Investments (continued)

The assets and liabilities of Glynwood Insurance Services Limited, excluding intercompany, were hived up using hybrid accounting to Academy Insurance Services Limited on 1 July 2018. An amount of £49,583 was transferred in relation to the net liabilities of Glynwood Insurance Services Limited via intercompany, leaving only an intercompany balance of £361,877 owed to Glynwood Insurance Services Limited outstanding from the company at the reporting date. In addition hybrid accounting required the following adjusting entries to be made:

	Movement in Investment £	Adjustment to Intangible assets (see note 11) £	Recognition of deferred tax (see note 18) £	Equity movement £
Recognition of goodwill and other separately identified intangible assets	-	1,424,649	-	-
Recognition of deferred tax on goodwill and other separately identified intangible assets	-	-	(146,769)	-
Write-down of goodwill and other separately identified intangible assets	-	(322,539)	-	322,439
Deferred tax movement in relation to write down of separately identified intangible assets	-	-	29,922	(29,922)
Reallocation of cost of investment	(1,277,000)	-	-	-
	<b>(1,277,000)</b>	<b>1,102,110</b>	<b>(116,847)</b>	<b>292,517</b>

Subsequent to the year end the company received a dividend of £361,876 from Glynwood Insurance Services Limited.

On 27 September 2019 the initial statutory filings required for strike off were filed with Companies House for Glynwood Insurance Services Limited. Glynwood Insurance Services Limited was dissolved on 24 December 2019.

### 14. Debtors: amounts falling due within one year

	2019 £	2018 £
Insurance transaction debtors	1,966,794	1,784,150
Amounts owed by group undertakings	1,056,169	1,031,674
Other debtors	26,873	274,503
Prepayments	741,567	677,862
Deferred tax asset (note 18)	-	88,909
	<b>3,791,403</b>	<b>3,857,098</b>

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 14. Debtors: amounts falling due within one year (continued)

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

### 15. Cash at bank

Cash at bank at the year end includes insurance premiums due on behalf of customers amounting to £1,160,310 (2018 - £1,075,352).

### 16. Creditors: amounts falling due within one year

	2019 £	2018 £
Insurance transaction creditors	3,127,104	2,821,932
Trade creditors	192,814	338,143
Corporation tax	400,016	110,640
Other taxation and social security	112,488	95,370
Other creditors	178,771	460,856
Amounts owed to group undertakings	361,877	2,377,740
Accruals and deferred income	874,791	573,078
	<u>5,247,861</u>	<u>6,777,759</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

### 17. Creditors: amounts falling due in greater than one year

	2019 £	2018 £
Other creditors	92,461	-
Accruals and deferred income	150,000	-
	<u>242,461</u>	<u>-</u>

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 18. Deferred taxation

	2019 £
At beginning of year	88,909
Deferred tax liability hived up from subsidiary (Note 13)	(116,847)
Utilised in year	(99,710)
<b>At end of year</b>	<b>(127,648)</b>

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(141,476)	75,081
Tax losses carried forward	8,500	8,500
Tax losses carried forward and other deductions	5,328	5,328
	<b>(127,648)</b>	<b>88,909</b>

### 19. Financial instruments

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets that are equity instruments measured at cost less impairment	312,142	1,589,142
Financial assets that are debt instruments measured at amortised cost	3,049,836	3,090,327
Financial assets that are cash and cash equivalents	2,066,448	1,444,254
	<b>5,428,426</b>	<b>6,123,723</b>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(4,615,202)	6,571,749

Financial assets that are equity instruments measured at cost less impairment comprise fixed asset investments in unlisted company shares.

Financial assets that are debt instruments measured at amortised cost comprise other debtors, amounts owed by parent undertaking and insurance transaction debtors.

Financial liabilities measured at amortised cost comprise insurance transaction creditors, trade creditors, other creditors, amounts owed to parent and subsidiary undertakings and accruals.

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 20. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
260,000 (2018 - 260,000) ordinary shares of £1 each	<b>260,000</b>	260,000

There is a single class of equity shares. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank for dividends to the extent to which the total amount on each share is paid up.

### 21. Reserves

The company's capital and reserves are as follows:

#### **Called up share capital**

Called up share capital reserve represents the nominal value of the shares issued.

#### **Capital contribution reserve**

Capital contribution reserve represents contributions to the company made by its parent for which the balances are not required to be repaid.

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

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 22. Pension commitments

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. No contributions were outstanding at the year end (2018 - £Nil).

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 23. Commitments under operating leases

The company had future minimum lease payments under non-cancellable operating leases as follows:

	Land and building 2019 £	Land and building 2018 £
<b>Operating leases commitments which are owed:</b>		
Within one year	249,123	231,622
Within one to five years	742,750	618,655
After five years	425,627	422,673
	<u>1,417,500</u>	<u>1,272,950</u>

### 24. Related party transactions

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 £51,500 (2018 - £51,500). A balance of £7,875 was prepaid at year end (2018 - £Nil).

Interest free directors' loans of £Nil (2018 - £95,140 and £133,960) were outstanding from former directors K Munn and D Bard respectively at 30 June 2019.

### 25. Post balance sheet events

Subsequent to the year end the company's direct investments have been dissolved, see note 13 for further details. Before dissolution the company received a dividend of £361,876.

Subsequent to the year end a pandemic was declared regarding COVID-19. The situation is evolving rapidly and it is not possible at this stage to determine with any certainty the full impact on the company, its customers, employees and suppliers. The directors have forecast different scenarios and believe that operational risks are mitigated by the current procedures in place and ongoing future risk planning although the situation is extremely uncertain and is evolving rapidly. Although this is considered unlikely at this stage, there is a risk the company could require further funding. On this basis there is considered to be a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. The risks, strategies and responses to COVID-19 have been assessed in the Strategic report on page 1.

### 26. Ultimate holding and controlling entity

The company is a wholly owned subsidiary of The Unbeatable Group Limited, the company's intermediate parent company. The controlling party and ultimate parent company is VMANS Limited. The smallest and largest group in which the results of the company are consolidated is that headed by VMANS Limited. The address of VMANS Limited registered office is Unit 11 Horseshoe Park, Horseshoe Road, Berkshire, RG8 7JW.