

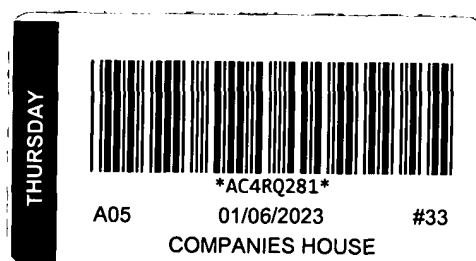
**Academy Insurance Services  
Limited**

Annual Report and Financial Statements

Year Ended

30 June 2022

Company Number 03041967



# Academy Insurance Services Limited

## Company Information

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|                            |  |
|----------------------------|--|
| <b>Directors</b>           | V Y Farrelly<br>N Turner   |
| <b>Company secretaries</b> | Blakelaw Secretaries Limited<br>V Y Farrelly   |
| <b>Registered number</b>   | 03041967   |
| <b>Registered office</b>   | Unit 11 Horseshoe Park<br>Horseshoe Road<br>Pangbourne<br>Berkshire<br>RG8 7JW         |
| <b>Independent auditor</b> | BDO LLP<br>Level 12<br>Thames Tower<br>Station Road<br>Reading<br>Berkshire<br>RG1 1LX |

# **Academy Insurance Services Limited**

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# Academy Insurance Services Limited

## Strategic Report For the Year Ended 30 June 2022

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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 2022.

### Trading review

The trading year showed a minor decline in overall income and policy count however, this is the expected result without the purchase of additional policies via acquisition. There were no book buys or acquisitions in the trading year 2020-2021 and hence no income to come from them in the financial year 2021-2022. Academy did complete the purchase of a book of business in November 2021 and this did lead to a final result of being only 2% under our budgeted income for the year 2021-2022. The lack of acquisition activity was as a consequence of being the target of an acquisition ourselves that eventually fell through, we have been specifically asked not to make any acquisition during the process. We have been left with a surplus of "cash" as a consequence of our lack of activity and we would expect to make more than 1 acquisition in the trading year 2022-2023 (one was completed February 2023 and a further offer has been made and accepted on another business).

### Principal risks and uncertainties

#### Operating review

The company's strategy remains focused on growth by acquisition, we have arrived at a situation where this can be achieved on enough scale to generate growth without the need for additional borrowing, and this has been a key consideration given the significant increase in interest rates over the last trading period. As above we have completed 1 book buy in February 2023 and the second is expected to be completed in May 2023. The two combined will add over £1million to our income.

Recruitment is becoming a major issue. The lack of other similar businesses to our own leads to a lack of suitable trained staff being available. We do acquire additional staff when we complete some acquisitions, but typically the key staff tend to be retirement age. We have found it all but impossible to operate some of our smaller offices and have as a consequence merged some offices to provide a more manageable situation. We are likely to continue with this process where it is geographically feasible. Our concerns as to the impact of closing offices were unfounded as doing so has made virtually no difference to the generated result, this confirmed our finding during the covid period where we established the volume of walk in trade to our offices is negligible in all but two of them.

The FCA have introduced some of the most significant changes to the rules governing the sale of general insurance from March 2023. We believe we are well prepared for the new legislation; however, the cost of this preparation has been very significant and will impact our 2022-2023 result considerably. We do, however, expect the upside to be a far greater number of acquisition opportunities to occur over the next couple of years and hence we consider the changes will benefit us significantly in the next few years.

#### General risks and uncertainties

The implementation of the FCA's rules around price setting that came into effect in 2022 have seen a significant reduction in people shopping around for their insurance (particularly home and vehicle) and the comparison websites have reported a reduction of over 30%. Although we do not trade via aggregators the businesses from whom we purchase our own enquiries, do. This has led to a significant cost increase for the enquiries and indeed a shortage of suitable enquiries for our target markets. We do not expect the cost situation to improve but have widened our target market to accommodate more enquiries but given the escalating cost to return we are simply more likely to spend the available money on acquisition of books of business instead.

# Academy Insurance Services Limited

## Strategic Report (continued) For the Year Ended 30 June 2022

### Principal risks and uncertainties (continued)

#### General risks and uncertainties (continued)

The FCA, correctly, demand that all staff are adequately trained and competent to give advice and sell any product that they do. Given the lack of available trained staff to recruit we are taking in further trainees ourselves, but the attrition rate is high. It is our opinion that the lack of suitable trained staff is currently the greatest threat to our ability to grow. We are investing in more technology to reduce the workload for the additional staff in order that they can service more clients but must accept that there is a limit given the regional structure and client expectation for our business. We are expecting to have to increase the average cost (salary etc.) for staff given the rate of inflation, interest rates and our need to retain the experienced staff that we have.

It is therefore our expectation that over the next year despite the acquisitions done and in the pipeline the profitability situation will reduce in 2022-2023 and then only return to 2021-2022 levels in 2023-2024 once we have the full benefit of 12 months income from the said purchases.

The Russian invasion of Ukraine and rapidly escalating events in the early part of 2022 are causing disruption to business and economic activity in the region and worldwide, contributing to high inflation and rising fuel costs which could impact the insurance market. The directors have considered the impact on the company, and particularly with the current review of office locations and not renewing some of the leases, do not consider that any impact will be material to the company at this moment in time.

#### Objectives and strategies

The directors remain extremely positive about the future, we have either already adapted to the FCA rule changes or have adequately prepared for them before they come into effect and absorbed the cost of doing so. We expect to see growth in terms of income and policy count as a consequence of the acquisitions done or in the pipeline, and these have been done without the need for additional borrowing. The additional income will see us return and probably exceed 2021-2022 profit in 2023-2024 after a decline this year.

#### Key performance indicators

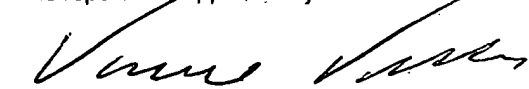
The directors consider turnover, operating profit before amortisation, impairment and provisions and cash balances to be the key performance indicators for the business. All of these are disclosed within the financial statements and the directors continue to be pleased with how the company is performing in relation to these. Given the current economic climate, the directors are happy with the results of the company. The cash balance has increased, this was due to only one acquisition within the financial year.

#### Financial KPI's

|                                      | 2022<br>£        | 2021<br>£      | Movement<br>£  |
|--------------------------------------|------------------|----------------|----------------|
| Turnover                             | 10,093,095       | 10,784,006     | (690,911)      |
| Operating profit before amortisation | 2,646,368        | 3,166,161      | (519,793)      |
| Cash balance*                        | <u>1,335,486</u> | <u>646,497</u> | <u>688,989</u> |

\* Cash balances and cash movement excludes insurance premiums held on behalf of customers (note 12).

This report was approved by the board on 31 May 2023 and signed on its behalf by:



V Y Farrelly  
Director

# Academy Insurance Services Limited

## Directors' Report For the Year Ended 30 June 2022

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The directors present their report and the financial statements for the company for the year ended 30 June 2022.

### 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 2022 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 £1,496,093 (2021: £1,923,679).

During the year, no dividends were declared (2021: £Nil).

The directors do not recommend payment of a final dividend.

### Directors

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

V Y Farrelly  
N Turner

At 30 June 2022, 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 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 2022

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### Going concern

The company made a profit before tax of £1,845,307 (2021: £2,455,694) and had net current assets of £6,532,495 (2021: £4,810,761). Cash increased from £2,528,574 to £3,063,264 at the end of the financial year.

The directors have considered whether the company has adequate resources to continue in operational existence for the foreseeable future. Management have prepared and the directors have approved the budget to 30 June 2024. In addition, the directors have considered the anticipated future trading of the company, giving particular consideration to further potential disruptive events that could restrict trade. Due to insurance being a legal commodity, customers being able to purchase insurance over the phone, the internet or in shops and our business remaining manned with employees working from both home and office, adverse trade can be mitigated. Whilst general economic uncertainty exists especially around rising costs, for example interest rates, the company's established position in the market and continued market demand for insurance services has supported the directors' underlying forecasts. The directors have however considered the sensitivity of its forecasts and in that analysis have reduced revenue from a base case budget to levels well below any expected scenario. In those unexpected scenarios, the business still forecasts sufficient resources to continue in operation. The wider group also continues to be fully compliant with its loan covenants.

The directors are aware that the group's shareholders have indicated their desire to divest their shareholding in VMANS Limited, the company's ultimate parent company and its subsidiaries (including Academy Insurance Services Limited). At the point of approval of the financial statements, the directors of VMANS Limited have identified an interested third-party acquirer and due diligence is well progressed. Completion of this divestment would result in a change in control which is further anticipated to result in a change to the board of directors within the period of the going concern assessment. Should the sale occur, the current directors would no longer have visibility of the future cash flows or funding arrangements of the company and as a result this represents a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Aside from the uncertainty above, the directors are confident that the company continues to have adequate resources to meet the requirements of the business for the foreseeable future and have therefore prepared these financial statements on a going concern basis. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

### Financial risk management

Due to the nature of the business, financial risk is not considered to be significant. The product sold by the group is a legal requirement and translates directly from profit to cash for the business.

#### Credit risk

Credit risk is considered to be low as it is outsourced to premium finance companies.

#### Cash flow risk

The group maintains and records its cash flow cover to ensure that the ratio is always within an expected level and is monitored closely. "Cash is king" is at the forefront of managements minds and the following steps are being taken to reduce/minimise the financial risk:

1. develop solid plans and budget accordingly;
2. record keeping – ensure constantly up to date;
3. limit any debts within the company;
4. attempt to diversify income by acquiring different business to have a solid portfolio;
5. save money; and
6. ensure good quality controls are in place at all times.

# Academy Insurance Services Limited

## Directors' Report (continued) For the Year Ended 30 June 2022

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### 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

#### *Office mergers*

The company has decided to merge a number of the branch offices where the distance between each site is marginal. The Wokingham premises lease was not renewed in October 2022 and the staff and policies were relocated to the Basingstoke office. In November 2022 the group surrendered the lease for Cliftonsides office and merged these policies with the Avonmouth office.

The company has also given notice to the Egham office (end of lease October 2023) and this will merge with the Eton office and the Yardley will do the same at the end of lease and will be merging with the Dudley office. The company's directors believe this will strengthen the offices and make them more efficient with larger teams.

#### *Acquisitions*

In February 2023, the company acquired a book of business in Kent. Income will start to be derived from this acquisition in March 2023. The total consideration for this business is expected to be circa £1,400,000 with an initial annual income of £475,000. The business has low overheads with a predominantly long standing commercial based clientele. The company expects to derive a profit in excess of £325,000 per annum from this book of business and are expecting to be able to increase this over the next few years.

In June 2023 the company will acquire another book of business in Kent which will result in additional income of circa £650,000. The total initial consideration is £1,250,000.

### 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

31 May 2023

and signed on its behalf by:



V Y Farrelly  
Director



# Academy Insurance Services Limited

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

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### Opinion on the 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 2022 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.

We have audited the financial statements of Academy Insurance Services Limited ("the company") for the year ended 30 June 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, 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).

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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.

### Material uncertainty related to going concern

We draw your attention to note 2.3 to the financial statements, which indicates that the current owners intend to divest of their holding in the ultimate parent company and its subsidiaries including this company. Should the sale occur, the current directors would no longer have visibility of the future cash flows or funding arrangements of the company. As stated in note 2.3, these events or conditions, along with other matters set forth in note 2.3, indicate a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# **Academy Insurance Services Limited**

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

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **Other Companies Act 2006 reporting**

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the 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.

### **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 misstatements, 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.

# Academy Insurance Services Limited

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

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### 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.

### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Obtaining an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on those laws and regulations which could have a direct effect on the financial statements or a fundamental effect on the operations of the company. The significant laws and regulations which we considered in this context included the UK Companies Act, United Kingdom Accounting Standards, including Financial Reporting Standard 102, and relevant tax legislation;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- Making enquiries of management and those charged with governance, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Discussion within the audit engagement team of how and where fraud might occur within the company and the possible impact of this on the financial statements, as well as what the potential indications of fraud might be. As part of this discussion, we identified potential for fraud in revenue recognition, specifically in relation to revenue existence, as well as the potential for management override of controls specifically in relation to the posting of journals and the inappropriate use of estimates.

# Academy Insurance Services Limited

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

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### Auditor's responsibilities for the audit of the financial statements (continued)

#### *Extent to which the audit was capable of detecting irregularities, including fraud (continued)*

Our procedures to respond to risks identified included the following:

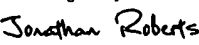
- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- Enquiring of management and those charged with governance with regard to actual and potential litigation and claims;
- Obtaining and reviewing minutes of Board meetings, evidence of legal fees incurred, and any correspondence with HMRC, for indications of possible fraud or non-compliance with laws and regulations;
- In addressing the risk of fraud in revenue recognition, testing the appropriateness of revenue recognition policies and the application of these policies and performing specific procedures over the existence of revenue; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of potential bias; and evaluating the business rationale of any transactions outside the usual course of business.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on 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.

DocuSigned by:  
  
73C991AB58C5448...

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

Date: 31 May 2023

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 2022

|  | Note | 2022<br>£        | 2021<br>£   |
|--|------|------------------|-------------|
| Turnover   | 4    | 10,093,095       | 10,784,006  |
| Administrative expenses  |      | (8,244,352)      | (8,328,312) |
| <b>Operating profit</b>  | 5    | <b>1,848,743</b> | 2,455,694   |
| Interest payable and similar expenses  |      | (3,436)          | -           |
| <b>Profit on ordinary activities before taxation</b>                             |      | <b>1,845,307</b> | 2,455,694   |
| Taxation on profit   | 8    | (349,214)        | (532,015)   |
| <b>Profit for the financial year and total comprehensive Income for the year</b> |      | <b>1,496,093</b> | 1,923,679   |

All amounts relate to continuing activities.

There was no other comprehensive income for 2022 (2021: £Nil).


The notes on pages 13 to 29 form part of these financial statements.

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

**Balance Sheet**  
**As at 30 June 2022**

|   | Note  | 2022<br>£         | 2022<br>£               | 2021<br>£         | 2021<br>£               |
|---|-------|-------------------|-------------------------|-------------------|-------------------------|
| <b>Fixed assets</b>                                     |       |                   |                         |                   |                         |
| Intangible fixed assets                                 | 9     |                   | 1,041,925               |                   | 1,063,936               |
| Tangible assets   | 10    |                   | 46,698                  |                   | 76,870                  |
|   |       |                   | <u>1,088,623</u>        |                   | <u>1,140,806</u>        |
| <b>Current assets</b>                                   |       |                   |                         |                   |                         |
| Debtors: amounts falling due within one year            | 11    | 8,623,514         |                         | 8,148,468         |                         |
| Cash at bank  | 12    | 3,063,264         |                         | 2,528,574         |                         |
|   |       | <u>11,686,778</u> |                         | <u>10,677,042</u> |                         |
| Creditors: amounts falling due within one year          | 13    | (5,154,283)       |                         | (5,866,281)       |                         |
| <b>Net current assets</b>                               |       |                   | <u>6,532,495</u>        |                   | <u>4,810,761</u>        |
| <b>Total assets less current liabilities</b>            |       |                   | <u>7,621,118</u>        |                   | <u>5,951,567</u>        |
| Creditors: amounts falling due after more than one year | 14    |                   | (37,500)                |                   | (51,603)                |
| <b>Provisions for liabilities</b>                       |       |                   |                         |                   |                         |
| Deferred tax  | 15    |                   | (263,443)               |                   | (237,713)               |
| Other provisions  | 17    |                   | (161,831)               |                   | -                       |
| <b>Net assets</b>                                       |       |                   | <u><u>7,158,344</u></u> |                   | <u><u>5,662,251</u></u> |
| <b>Capital and reserves</b>                             |       |                   |                         |                   |                         |
| Called up share capital                                 | 18,19 |                   | 260,000                 |                   | 260,000                 |
| Capital contribution reserve                            | 19    |                   | 50,000                  |                   | 50,000                  |
| Profit and loss account                                 | 19    |                   | 6,848,344               |                   | 5,352,251               |
| <b>Total equity</b>                                     |       |                   | <u><u>7,158,344</u></u> |                   | <u><u>5,662,251</u></u> |

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



V Y Farrelly  
Director

Date: 31 May 2023

The notes on pages 13 to 29 form part of these financial statements.

## Academy Insurance Services Limited

### Statement of Changes in Equity For the Year Ended 30 June 2022

|  | Called up<br>share capital | Capital<br>contribution<br>reserve | Profit and<br>loss account | Total equity     |
|--|----------------------------|------------------------------------|----------------------------|------------------|
|  | £                          | £                                  | £                          | £                |
| At 1 July 2021                                 | 260,000                    | 50,000                             | 5,352,251                  | 5,662,251        |
| <b>Comprehensive income for the year</b>       |                            |                                    |                            |                  |
| Profit for the year                            | -                          | -                                  | 1,496,093                  | 1,496,093        |
| <b>Total comprehensive income for the year</b> | -                          | -                                  | 1,496,093                  | 1,496,093        |
| <b>At 30 June 2022</b>                         | <b>260,000</b>             | <b>50,000</b>                      | <b>6,848,344</b>           | <b>7,158,344</b> |

### Statement of Changes in Equity For the Year Ended 30 June 2021

|  | Called up<br>share capital | Capital<br>contribution<br>reserve | Profit and<br>loss account | Total equity     |
|--|----------------------------|------------------------------------|----------------------------|------------------|
|  | £                          | £                                  | £                          | £                |
| At 1 July 2020                                 | 260,000                    | 50,000                             | 3,428,572                  | 3,738,572        |
| <b>Comprehensive income for the year</b>       |                            |                                    |                            |                  |
| Profit for the year                            | -                          | -                                  | 1,923,679                  | 1,923,679        |
| <b>Total comprehensive income for the year</b> | -                          | -                                  | 1,923,679                  | 1,923,679        |
| <b>At 30 June 2021</b>                         | <b>260,000</b>             | <b>50,000</b>                      | <b>5,352,251</b>           | <b>5,662,251</b> |

The notes on pages 13 to 29 form part of these financial statements.

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2022

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### 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 Unit 11 Horseshoe Park, Horseshoe Road, Pangbourne, Berkshire, RG8 7JW. The principal activity of the company is that of a retail insurance broker.

### 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 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of VMANS Limited for the year ended 30 June 2022 and these financial statements may be obtained from Companies House.

#### 2.3 Going concern

The company made a profit before tax of £1,845,307 (2021: £2,455,694) and had net current assets of £6,532,495 (2021: £4,810,761). Cash increased from £2,528,574 to £3,063,264 at the end of the financial year.



# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2022

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### 2. Accounting policies (continued)

#### 2.3 Going concern (continued)

The directors have considered whether the company has adequate resources to continue in operational existence for the foreseeable future. Management have prepared and the directors have approved the budget to 30 June 2024. In addition, the directors have considered the anticipated future trading of the company, giving particular consideration to further potential disruptive events that could restrict trade. Due to insurance being a legal commodity, customers being able to purchase insurance over the phone, the internet or in shops and our business remaining manned with employees working from both home and office, adverse trade can be mitigated. Whilst general economic uncertainty exists especially around rising costs, for example interest rates, the company's established position in the market and continued market demand for insurance services has supported the directors' underlying forecasts. The directors have however considered the sensitivity of its forecasts and in that analysis have reduced revenue from a base case budget to levels well below any expected scenario. In those unexpected scenarios, the business still forecasts sufficient resources to continue in operation. The wider group also continues to be fully compliant with its loan covenants.

The directors are aware that the group's shareholders have indicated their desire to divest their shareholding in VMANS Limited, the company's ultimate parent company and its subsidiaries (including Academy Insurance Services Limited). At the point of approval of the financial statements, the directors of VMANS Limited have identified an interested third-party acquirer and due diligence is well progressed. Completion of this divestment would result in a change in control which is further anticipated to result in a change to the board of directors within the period of the going concern assessment. Should the sale occur, the current directors would no longer have visibility of the future cash flows or funding arrangements of the company and as a result this represents a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Aside from the uncertainty above, the directors are confident that the company continues to have adequate resources to meet the requirements of the business for the foreseeable future and have therefore prepared these financial statements on a going concern basis. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

#### 2.4 Turnover

The company provides broking services and related transactions, insurance policies, premium finance (outsourced) and claims assistance.

Turnover represents commissions earned from insurance policies, fees earned from insurance policies and other income connected to commissions earned on connecting components to insurance revenue e.g. premium finance commission. All revenue stream income is recognised when the company has performed its obligations which is normally when the policy concerned incept or transacts.

Turnover is recognised at the fair value of the consideration received or receivable for sale of insurance policies and connected components in the ordinary nature of the business.

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2022

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### 2. Accounting policies (continued)

#### 2.5 Government grants

Grants of a revenue nature are recognised within the Statement of Comprehensive Income in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The company has not directly benefitted from any other forms of government assistance.

#### 2.6 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 the Statement of Comprehensive Income 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.

#### 2.7 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 2022

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### 2. Accounting policies (continued)

#### 2.7 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.

#### 2.8 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.

#### 2.9 Financial instruments

##### 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 instrument's 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.

#### 2.10 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.

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2022

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### 2. Accounting policies (continued)

#### 2.11 Leased assets

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

The company 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 the Statement of Comprehensive Income over the term of the lease.

Where the company has a legal obligation, a dilapidations 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.

Where the unavoidable costs as lessee of an operating lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease. This is released over the remaining lease term.

#### 2.12 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.

#### 2.13 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.

#### 2.14 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.

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2022

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### 2. Accounting policies (continued)

#### 2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

#### 2.16 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 2022

### 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 21)

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 9)

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 notes 13 and 14)

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 9)

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

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

An analysis of turnover by class of business is as follows:

|                                | 2022<br>£         | 2021<br>£         |
|--------------------------------|-------------------|-------------------|
| Standard commission            | 5,584,524         | 5,428,167         |
| Standard fees                  | 3,352,954         | 3,768,894         |
| Other insurance related income | 1,155,617         | 1,586,945         |
|                                | <u>10,093,095</u> | <u>10,784,006</u> |

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 5. Operating profit

The operating profit is stated after charging:

|  | 2022<br>£ | 2021<br>£ |
|--|-----------|-----------|
| Tangible fixed assets - depreciation         | 34,923    | 39,219    |
| Intangible fixed assets - amortisation       | 797,625   | 710,467   |
| Audit remuneration:                          |           |           |
| - audit services                             | 50,000    | 35,250    |
| - services relating to taxation              | 6,500     | 6,000     |
| - all other services                         | 6,575     | 4,750     |
| Operating lease rentals - land and buildings | 433,876   | 425,599   |

### 6. Employees

Staff costs (including directors) consist of:

|  | 2022<br>£ | 2021<br>£ |
|--|-----------|-----------|
| Staff salaries                                     | 4,009,293 | 4,239,426 |
| Staff national insurance                           | 406,078   | 415,393   |
| Staff pension costs - defined contribution schemes | 142,637   | 121,843   |
|  | 4,558,008 | 4,776,662 |

During the year, the company claimed a total furlough grant from the government £Nil (2021: £38,771).

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

|                         | 2022<br>No. | 2021<br>No. |
|-------------------------|-------------|-------------|
| Sales                   | 87          | 88          |
| Administration          | 31          | 38          |
| Directors               | 2           | 2           |
| Non executive directors | 2           | 2           |
|                         | 122         | 130         |

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 7. Directors' remuneration

|                                  | 2022<br>£      | 2021<br>£      |
|----------------------------------|----------------|----------------|
| Directors' emoluments            | 255,750        | 281,235        |
| Directors' pension contributions | 30,051         | 23,724         |
|                                  | <u>285,801</u> | <u>304,959</u> |

There were two directors (2021: two) in the company's defined contribution pension scheme during the year. The key management personnel of the company are considered to be its directors.

The highest paid director received remuneration of £148,633 (2021: £151,282).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £21,271 (2021: £15,043).

### 8. Taxation on profit

|  | 2022<br>£      | 2021<br>£       |
|--|----------------|-----------------|
| <b>Corporation tax</b>                           |                |                 |
| UK corporation tax on profits for the year       | 323,518        | 579,270         |
| Adjustments in respect of previous periods       | (34)           | (587)           |
| <b>Total current tax</b>                         | <u>323,484</u> | <u>578,683</u>  |
| <b>Deferred tax</b>                              |                |                 |
| Origination and reversal of timing differences   | 25,730         | (138,124)       |
| Adjustments in respect of prior periods          | -              | 1,192           |
| Effects of tax rate changes                      | -              | 90,264          |
| <b>Total deferred tax</b>                        | <u>25,730</u>  | <u>(46,668)</u> |
| <b>Taxation on profit on ordinary activities</b> | <u>349,214</u> | <u>532,015</u>  |



# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 8. Taxation on profit (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

|   | 2022<br>£      | 2021<br>£      |
|---|----------------|----------------|
| Profit on ordinary activities before tax  | 1,845,307      | 2,455,694      |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | 350,608        | 466,582        |
| Effects of:   |                |                |
| Fixed asset differences   | 151,408        | 124,962        |
| Expenses not deductible for tax purposes  | 2,528          | 10,276         |
| Adjustment for change in deferred tax rate  | 6,111          | 58,307         |
| Adjustment to tax change in respect of prior periods  | (34)           | (587)          |
| Group relief  | (182,890)      | (23,411)       |
| Timing differences  | 21,483         | (104,114)      |
| <b>Total tax charge for the year</b>  | <b>349,214</b> | <b>532,015</b> |

#### Factors that may affect future tax charges

On 24 May 2021, the main rate of corporation tax was increased to 25% with effect from 1 April 2023.

Deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate at the period end of 25%.

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 2022

### 9. Intangible assets

|                       | Computer<br>software<br>£ | Books of<br>insurance<br>policies<br>£ | Customer<br>relationships<br>£ | Brand<br>£ | Goodwill<br>£ | Total<br>£ |
|-----------------------|---------------------------|--|--------------------------------|------------|---------------|------------|
| <b>Cost</b>           |                           |  |                                |            |               |            |
| At 1 July 2021        | 263,930                   | 2,056,153                              | 783,000                        | 75,000     | 565,769       | 3,743,852  |
| Additions             | -                         | 775,614                                | -                              | -          | -             | 775,614    |
| At 30 June 2022       | 263,930                   | 2,831,767                              | 783,000                        | 75,000     | 565,769       | 4,519,466  |
| <b>Amortisation</b>   |                           |  |                                |            |               |            |
| At 1 July 2021        | 145,143                   | 1,644,419                              | 331,878                        | 75,000     | 483,476       | 2,679,916  |
| Charge for the year   | 52,785                    | 584,092                                | 78,455                         | -          | 82,293        | 797,625    |
| At 30 June 2022       | 197,928                   | 2,228,511                              | 410,333                        | 75,000     | 565,769       | 3,477,541  |
| <b>Net book value</b> |                           |  |                                |            |               |            |
| At 30 June 2022       | 66,002                    | 603,256                                | 372,667                        | -          | -             | 1,041,925  |
| At 30 June 2021       | 118,787                   | 411,734                                | 451,122                        | -          | 82,293        | 1,063,936  |

The individual intangible assets which are material to the financial statements are as follows:

|                                      | Net book value |           | Remaining amortisation<br>period (years) |      |
|--------------------------------------|----------------|-----------|--|------|
|                                      | 2022<br>£      | 2021<br>£ | 2022                                     | 2021 |
| <b>Books of insurance policies</b>   |                |           |  |      |
| Godiva insurance                     | -              | 382,845   | -  | 1    |
| Investment Property Services ("IPS") | 603,256        | -         | 2  | N/A  |
| <b>Customer relationships</b>        |                |           |  |      |
| Customer relationships               | 372,667        | 451,121   | 5  | 6    |

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 10. Tangible fixed assets

|                       | Fixtures and<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|-----------------------|-------------------------------|----------------------------|------------|
| <b>Cost</b>           |                               |                            |            |
| At 1 July 2021        | 448,285                       | 125,924                    | 574,209    |
| Additions             | 3,551                         | 1,200                      | 4,751      |
| At 30 June 2022       | 451,836                       | 127,124                    | 578,960    |
| <b>Depreciation</b>   |                               |                            |            |
| At 1 July 2021        | 399,791                       | 97,548                     | 497,339    |
| Charge for the year   | 18,763                        | 16,160                     | 34,923     |
| At 30 June 2022       | 418,554                       | 113,708                    | 532,262    |
| <b>Net book value</b> |                               |                            |            |
| At 30 June 2022       | 33,282                        | 13,416                     | 46,698     |
| At 30 June 2021       | 48,494                        | 28,376                     | 76,870     |

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

|                                    | 2022<br>£ | 2021<br>£ |
|------------------------------------|-----------|-----------|
| Insurance transaction debtors      | 1,759,471 | 2,074,004 |
| Amounts owed by group undertakings | 6,299,412 | 5,283,971 |
| Other debtors                      | 29,323    | 97,013    |
| Prepayments                        | 535,308   | 693,480   |
|                                    | 8,623,514 | 8,148,468 |

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

### 12. Cash at bank

Cash at bank at the year end includes insurance premiums due on behalf of customers amounting to £1,727,778 (2021: £1,882,077).

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2022

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

|                                    | 2022<br>£        | 2021<br>£        |
|------------------------------------|------------------|------------------|
| Insurance transaction creditors    | 3,487,249        | 3,956,081        |
| Trade creditors                    | 121,565          | 258,984          |
| Corporation tax                    | 323,518          | 583,598          |
| Other taxation and social security | 108,818          | 103,242          |
| Other creditors                    | 295,465          | 127,635          |
| Accruals and deferred income       | 817,668          | 836,741          |
|                                    | <u>5,154,283</u> | <u>5,866,281</u> |

### 14. Creditors: amounts falling due after more than one year

|                              | 2022<br>£     | 2021<br>£     |
|------------------------------|---------------|---------------|
| Accruals and deferred income | <u>37,500</u> | <u>51,603</u> |

### 15. Deferred taxation

|  | 2022<br>£               |
|--|-------------------------|
| At beginning of year                             | (237,713)               |
| Charged to the Statement of Comprehensive Income | (25,730)                |
| <b>At end of year</b>                            | <u><b>(263,443)</b></u> |

The provision for deferred taxation is made up as follows:

|   | 2022<br>£        | 2021<br>£        |
|---|------------------|------------------|
| Accelerated capital allowances                  | (266,577)        | (242,679)        |
| Tax losses carried forward and other deductions | 3,134            | 4,966            |
|   | <u>(263,443)</u> | <u>(237,713)</u> |

A reversal of the company's deferred tax liability of £165,637 took place during the year due to the amortisation of intangible fixed assets.

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 16. Financial instruments

|   | 2022<br>£          | 2021<br>£          |
|---|--------------------|--------------------|
| <b>Financial assets</b>   |                    |                    |
| Financial assets that are debt instruments measured at amortised cost | 8,088,206          | 7,454,988          |
| Financial assets that are cash and cash equivalents                   | 3,063,264          | 2,528,574          |
|   | <u>11,151,470</u>  | <u>9,983,562</u>   |
| <b>Financial liabilities</b>  |                    |                    |
| Financial liabilities measured at amortised cost                      | <u>(4,721,947)</u> | <u>(5,118,544)</u> |

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

Financial liabilities measured at amortised cost comprise insurance transaction creditors, trade creditors, other creditors and accruals.

### 17. Provisions

|   | Contingent<br>consideration<br>£ | Dilapidations<br>£ | Onerous<br>lease<br>£ | Total<br>£     |
|---|----------------------------------|--------------------|-----------------------|----------------|
| At 1 July 2021                              | -                                | -                  | -                     | -              |
| Charged to profit or loss                   | -                                | 51,550             | 34,667                | 86,217         |
| Arising on acquisition of Intangible assets | 75,614                           | -                  | -                     | 75,614         |
| <b>At 30 June 2022</b>                      | <u>75,614</u>                    | <u>51,550</u>      | <u>34,667</u>         | <u>161,831</u> |

On 1 November 2021, the company acquired the book of business of Investment Property Services (UK) Limited (IPS). Consideration for this acquisition included contingent consideration equal to 25% of all revenue earned on policies renewed between 1 November 2021 and 31 October 2022 that have been acquired from IPS and any additional policies written and new business returning to IPS. At the Balance Sheet date this amount was equal to £75,614.

The company vacated its offices in Wokingham and Clifton after the Balance Sheet date (see note 23). A dilapidations provision has been recognised to return the leased offices to their original condition upon termination of the lease. The provision is expected to unwind in the following year.

During the year, the company vacated its Reading office and an onerous lease provision of £34,667 has been recognised. The provision is due to unwind in the following year.

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 18. Share capital

|  | 2022<br>£      | 2021<br>£      |
|--|----------------|----------------|
| <b>Allotted, called up and fully paid</b>          |                |                |
| 260,000 (2021: 260,000) ordinary shares of £1 each | <b>260,000</b> | <b>260,000</b> |

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.

### 19. Capital and reserves

The company's capital and reserves are as follows:

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

Called up share capital 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.

### 20. 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 (note 6) represents contributions payable by the company to the fund. No contributions were outstanding at the year end (2021: £Nil).

# Academy Insurance Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 21. Commitments under operating leases

At 30 June 2022 the company had future minimum lease payments due under non-cancellable operating leases as follows:

|   | Land and<br>building<br>2022<br>£ | Land and<br>building<br>2021<br>£ |
|---|-----------------------------------|-----------------------------------|
| <b>Operating leases commitments which are owed:</b> |                                   |                                   |
| Not later than 1 year                               | 267,101                           | 328,611                           |
| Later than 1 year and not later than 5 years        | 624,954                           | 879,451                           |
| Later than 5 years                                  | 278,630                           | 430,790                           |
|   | <u>1,170,685</u>                  | <u>1,638,852</u>                  |

### 22. Related party transactions

The company has entered into agreements to lease premises from BAMU, 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 Statement of Comprehensive Income in respect of these premises during the year was £51,500 (2021: £52,656). A balance of £7,875 was prepaid at year end (2021: £7,875).

### 23. Post balance sheet events

#### *Office mergers*

The company has decided to merge a number of the branch offices where the distance between each site is marginal. The Wokingham premises lease was not renewed in October 2022 and the staff and policies were relocated to the Basingstoke office. In November 2022 the group surrendered the lease for Cliftonsides office and merged these policies with the Avonmouth office.

The company has also given notice to the Egham office (end of lease October 2023) and this will merge with the Eton office and the Yardley will do the same at the end of lease and will be merging with the Dudley office. The company's directors believe this will strengthen the offices and make them more efficient with larger teams.

#### *Acquisitions*

In February 2023, the company acquired a book of business in Kent. Income will start to be derived from this acquisition in March 2023. The total consideration for this business is expected to be circa £1,400,000 with an initial annual income of £475,000. The business has low overheads with a predominantly long standing commercial based clientele. The company expects to derive a profit in excess of £325,000 per annum from this book of business and are expecting to be able to increase this over the next few years.

In June 2023 the company will acquire another book of business in Kent which will result in additional income of circa £650,000. The total initial consideration is £1,250,000.

## **Academy Insurance Services Limited**

### **Notes to the Financial Statements For the Year Ended 30 June 2022**

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#### **24. Controlling party**

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, Pangbourne, Berkshire, RG8 7JW. The consolidated financial statements of VMANS Limited for the year ended 30 June 2022 may be obtained from Companies House.