

# Pound Gates and Company Limited

## FINANCIAL STATEMENTS

for the year ended

31 March 2010

SATURDAY



\*A3RE5NPZ\*

A33

25/09/2010

1

COMPANIES HOUSE

# Pound Gates and Company Limited

## OFFICERS AND PROFESSIONAL ADVISERS

---

### DIRECTORS

Mr K M Collins  
Mr T G Foster  
Mr N S Gordon

### SECRETARY

Mr N S Gordon

### REGISTERED OFFICE

St Vincent House  
1 Cutler Street  
Ipswich  
Suffolk  
IP1 1UQ

### AUDITORS

Baker Tilly UK Audit LLP  
Abbotsgate House  
Hollow Road  
Bury St Edmunds  
Suffolk  
IP32 7FA

# Pound Gates and Company Limited

## DIRECTORS' REPORT

---

The directors submit their report and financial statements of Pound Gates and Company Limited for the year ended 31 March 2010

### BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Pound Gates & Company Limited ('the company') provides insurance and risk management services to corporate clients and insurance brokers

### RESULTS AND DIVIDENDS

The results for the company show a pre-tax profit of £105,079 (2009 £83,122) for the year and sales of £1,520,003 (2009 £1,617,130)

The directors have paid the following dividends

	2010	2009
	£	£
Dividend paid on ordinary shares	50,000	233,333

The directors recommend the following final dividends

Dividend on ordinary shares	50,000	50,000
-----------------------------	--------	--------

### INVESTING IN OUR FUTURE – PEOPLE, SYSTEMS, PRODUCTS AND DISTRIBUTION

We continue to invest in the development of our staff, IT systems and procedures. We also continue to develop and provide tailored solutions to our different client groups

### FUTURE OUTLOOK

The external commercial environment is expected to remain competitive in the new financial year

However, we remain confident that we will maintain our current level of performance in the future

### PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks

The key business risks affecting the company are considered to relate to the trading success of our clients and insurance partners

### KEY PERFORMANCE INDICATORS ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

### DIRECTORS

The directors who served the company during the year were as follows

Mr K M Collins  
Mr T G Foster  
Mr N S Gordon

### GOING CONCERN

The company's business activities, together with the factors likely to affect the future development and performance are set out above. The company has considerable financial resources together with long standing relationships with customers and insurance companies. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

### THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision is in place for the benefit of all directors of the company

# Pound Gates and Company Limited

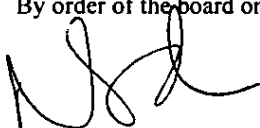
## DIRECTORS' REPORT

---

### STATEMENT OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board on



Mr N S Gordon  
Company Secretary

Date 16/9/2010

# Pound Gates and Company Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

---

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom 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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POUND GATES AND COMPANY LIMITED (FORMERLY POUNDGATES & COMPANY LIMITED)

We have audited the financial statements on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company member, 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 member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

## 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 31 March 2010 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.

## Opinion on other matter prescribed by the Companies Act 2006

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

## Matters on which we are required to report by exception

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

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

*Baker Tilly UK Audit LLP*

Claire Sutherland (Senior Statutory Auditor)

For and on behalf of **BAKER TILLY UK AUDIT LLP**, Statutory Auditor

Chartered Accountants

Abbotsgate House

Hollow Road

Bury St Edmunds

Suffolk

IP32 7FA

Date 24 September 2010

# Pound Gates and Company Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2010

	<i>Notes</i>	2010 £	2009 £
TURNOVER	1	1,520,003	1,617,130
Administrative expenses		1,418,326	1,589,663
Other operating income	2	-	(14,191)
OPERATING PROFIT	3	101,677	41,658
Interest receivable and similar income		3,402	41,464
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		105,079	83,122
Taxation	6	24,906	17,459
PROFIT FOR THE FINANCIAL YEAR	13,14	80,173	65,663

The operating profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

# Pound Gates and Company Limited


## BALANCE SHEET

31 March 2010

Company number 03097866

	Notes	2010 £	2009 £
<b>FIXED ASSETS</b>			
Tangible assets	8	75,619	-
<b>CURRENT ASSETS</b>			
Debtors	9	978,050	1,380,676
Cash at bank and in hand		780,835	820,015
		1,758,885	2,200,691
<b>CREDITORS</b>			
Amounts falling due within one year	10	1,042,688	1,440,080
<b>NET CURRENT ASSETS</b>		716,197	760,611
Provision for liabilities	11	(1,032)	-
<b>NET ASSETS</b>		790,784	760,611
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	5,000	5,000
Profit and loss account	14	785,784	755,611
<b>SHAREHOLDER FUNDS</b>	15	790,784	760,611

The financial statements on pages 6 to 13 were approved by the board of directors and authorised for issue on 16 September 2010 and are signed on their behalf by

  
Mr K M Collins  
Director

The notes and accounting policies on pages 8 to 13 form part of these financial statements

# Pound Gates and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

---

### BASIS OF ACCOUNTING

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

### CASH FLOW STATEMENT

The company has taken advantage of the exemption under Financial Reporting Standard 1, 'Cash Flow Statements' for wholly owned subsidiary companies not to prepare a cash flow statement as it is shown in the consolidated financial statement of the parent company

### TURNOVER

The turnover shown in the profit and loss account represents the amount receivable by the company in the ordinary course of business for insurance broking commissions receivable and services supplied. Commissions are deemed to be earned when a debit note is issued, irrespective of the inception date or period of insurance

### FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

### INSURANCE DEBTORS AND CREDITORS

Notwithstanding its legal relationship with clients and underwriters, the company has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance broking business as assets and liabilities of the company itself. This recognises that the company is entitled to retain the investment income on any cashflow arising from those transactions

In the ordinary course of insurance broking invoices, settlement is required to be made with certain market settlement bureaux, insurance intermediaries or insurance companies on the basis of net balance due to or from them rather than the amount due to or from the individual third parties which it represents

However, under Financial Reporting Standard 5 ('FRS5'), assets and liabilities may not be offset unless net settlement is legally enforceable and, therefore, insurance debtors and creditors are shown gross within these financial statements

### FIXED ASSETS

All fixed assets are initially recorded at costs

### DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Plant and machinery	–	33% straight line
Motor vehicles	–	25% reducing balance

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

### PENSION COSTS

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group. The annual contributions payable are charge to the profit and loss account

### GOING CONCERN

The company has considerable financial resources together with long standing relationships with customers and insurance companies. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

# Pound Gates and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

### 1 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2010 £	2009 £
United Kingdom	1,419,451	1,501,147
European Union	97,904	114,415
Rest of world	2,648	1,568
	<u>1,520,003</u>	<u>1,617,130</u>

### 2 OTHER OPERATING INCOME

	2010 £	2009 £
Other operating income	<u>-</u>	<u>14,191</u>

### 3 OPERATING PROFIT

Operating profit is stated after charging

	2010 £	2009 £
Depreciation on owned fixed assets	12,792	-
Loss on disposal of fixed assets	6,309	-
Amounts payable to Baker Tilly UK Audit LLLP and its associates in respect of both audit and non-audit services		
Audit services		
- Statutory audit	5,900	5,750
Other services		
- Taxation compliance and advisory services	1,500	1,250
- All other services	5,875	5,000
Net loss/(gain) on foreign currency translation	<u>6,475</u>	<u>(1,674)</u>

The auditor's remuneration disclosed above is paid by Pound Gates Group Limited on behalf of Pound Gates and Company Limited and is recharged to the company by way of a management charge

### 4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the year amounted to

	2010 No	2009 No
Administration	<u>22</u>	<u>-</u>

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	612,574	-
Social security costs	60,411	-
Other pension costs	23,656	-
	<u>696,641</u>	<u>-</u>

# Pound Gates and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

### 5 DIRECTORS EMOLUMENTS

In the previous year director's aggregate emoluments were paid by Pound Gates Holdings Limited, as shown below. This year director's aggregate emoluments in respect of the qualifying services were paid by Pound Gates and Company Limited, as shown below.

	2010 £	2009 £
Emoluments	54,495	60,063
Company contributions to money purchase pension schemes	2,103	1,852
	<u>56,598</u>	<u>61,915</u>

The number of directors who accrued benefits under company pension scheme was as follows

	2010 No	2009 No
Money purchase schemes	<u>1</u>	<u>1</u>

### 6 TAXATION ON ORDINARY ACTIVITIES

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2010 £	2009 £
Current tax		
UK corporation tax	23,874	17,459
Deferred tax		
Current year charge	1,032	-
Tax on profit on ordinary activities	<u>24,906</u>	<u>17,459</u>

Factors affecting the tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The difference is explained below

	2010 £	2009 £
Profit on ordinary activities before tax	<u>105,079</u>	<u>83,122</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 – 21%)	29,422	17,457
Effects of		
Difference between capital allowances and depreciation	(1,032)	-
Disallowable expenses	255	2
Marginal relief	(4,771)	-
Current tax charge	<u>23,874</u>	<u>17,459</u>

# Pound Gates and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

### 7 DIVIDENDS

	2010 £	2009 £
Dividends paid on ordinary shares - £10 per share (2009 - £46 67)	<u>50,000</u>	<u>233,333</u>

The proposed dividend of £50,000 for 2010 is payable to the shareholders in April 2010

### 8 TANGIBLE FIXED ASSETS

	Plant & machinery £	Motor Vehicles £	Total £
Cost			
At 1 April 2009	-	-	-
Additions	-	51,165	51,165
Disposals	-	(39,945)	(39,945)
Transfers from group companies	19,500	80,134	99,634
At 31 March 2010	<u>19,500</u>	<u>91,354</u>	<u>110,854</u>
Depreciation			
At 1 April 2009	-	-	-
Charge for the year	1,220	11,572	12,792
Disposals	-	(14,136)	(14,136)
Transfers from group companies	18,280	18,298	36,578
At 31 March 2010	<u>19,500</u>	<u>15,735</u>	<u>35,235</u>
Net book value			
At 31 March 2010	<u>-</u>	<u>75,619</u>	<u>75,619</u>
At 31 March 2009	<u>-</u>	<u>-</u>	<u>-</u>

### 9 DEBTORS

	2010 £	2009 £
Trade debtors	828,811	1,352,421
Amounts due from group undertakings	127,705	-
Prepayments and accrued income	21,534	28,255
	<u>978,050</u>	<u>1,380,676</u>

### 10 CREDITORS Amounts falling due within one year

	2010 £	2009 £
Trade creditors	953,936	1,406,411
Amounts owed to group undertakings	799	-
Corporation tax	23,874	17,459
Accruals and deferred income	46,300	15,847
Other taxation and social security	17,779	-
Other creditors	-	363
	<u>1,042,688</u>	<u>1,440,080</u>

# Pound Gates and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

### 11 PROVISION FOR LIABILITIES

	Deferred tax £
Balance at 1 April 2009	-
Transfer to profit and loss account	1,032
Balance at 31 March 2010	<u>1,032</u>

Provision for deferred tax has been made as follows

	2010 £	2009 £
Fixed asset timing differences	<u>1,032</u>	<u>-</u>

### 12 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with group companies as consolidated accounts are prepared

### 13 SHARE CAPITAL

	2010 £	2009 £
Authorised		
Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
	2010 £	2009 £
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

### 14 PROFIT AND LOSS ACCOUNT

	2010 £	2009 £
At 1 April 2009	755,611	923,281
Profit for the financial year	80,173	65,663
Equity dividends paid	(50,000)	(233,333)
At 31 March 2010	<u>785,784</u>	<u>755,611</u>

### 15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER FUNDS

	2010 £	2009 £
Profit for the financial year	80,173	65,663
Dividends	(50,000)	(233,333)
Net movement in shareholder funds	30,173	(167,670)
Opening shareholder funds	<u>760,611</u>	<u>928,281</u>
Closing shareholder funds	<u>790,784</u>	<u>760,611</u>

### 16 ULTIMATE PARENT COMPANY

At 31 March 2010 the company's immediate and ultimate parent company was Pound Gates Group Limited. The ultimate controlling party was KM Collins. Copies of the consolidated financial statements of Pound Gates Group Limited are available from Companies House.

# Pound Gates and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

---

### 17 CONTINGENT LIABILITIES

Under a group registration, the company is jointly and severally liable for Value added Tax with other group companies. At 31 March 2010 there was a potential liability of £47,779 (2009 £35,845)