

SWINGLEHURST LIMITED

COMPANY REGISTRATION NO. 03455693

**Directors' Report
and Accounts**

For the 18 months ended 31 December 2009

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COMPANY INFORMATION

Directors: John J.H. Swinglehurst
Anthony J.H. Swinglehurst
John L. Kavanaugh
Paul Agate

Secretary: Susan Jessop

Company Number: 03455693

Registered Office: St. Clare House
30-33 Minories
London
EC3N 1DD

Bankers: C. Hoare & Co.
37 Fleet Street
London
EC4P 4DQ

Solicitors: Withers
16 Old Bailey
London
EC4M 7EG

Auditor: Baker Tilly UK Audit LLP
Chartered Accountants
1st Floor
46 Clarendon Road
Watford
Hertfordshire
WD17 1JJ

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SWINGLEHURST LIMITED

DIRECTORS' REPORT

The Directors present their report and financial statements for the 18 months ended 31 December 2009. It is intended that 31 December is the accounting reference date in future.

Principal Activities

The principal activity of the company continued to be that of insurance and reinsurance broking and related services.

Chairman's Statement

First of all, I would like to give an explanation as to why our Reports & Accounts have been delayed. The Board decided to change the Company's year end from the 30th June to the 31st December and hence this statement covers an eighteen month period. Moreover we had an issue regarding apportionment of fee income which, whilst now resolved, we regret caused delay in the signing off of accounts.

Included within turnover for the eighteen month to 31 December 2009 is a proportional element of fee income amounting to £1.4 million. This amount forms part of an overall fee of approximately £3.0 million, which remains outstanding from this client. The delayed receipt of these funds has put a significant strain on the company's finances, as further explained on page 8 of the financial statements. The directors remain hopeful that the outstanding commission income of £3.0m will be collected very soon. The delay in receiving the income is not due to any dispute as to entitlement but merely due to the size and complexity of the transactions involved and the directors remain in constant contact with the parties involved to ensure the approval process proceeds as quickly as possible. We believe it is appropriate to include within these financial statements an apportionment of the element of the fee income that relates to services provided during the period to which these financial statements relate to. However, as the services provided had not been documented and invoiced for at the time, this has led to our Auditor's including a qualification to this effect within their Audit Report. Whilst we understand the rationale for the qualification, we believe that we have been correct in apportioning the element of the fee income which relates to the services provided during the period. The balance of the fee income has been apportioned to both the 2010 and 2011 year of accounts, again in proportion to the level of services provided during both these periods.

On a positive note, and in partnership with our Partners and Associates in the region, we formed a joint venture company in the Middle East subsequent to the period end to exploit business opportunities in the area. South Korea remains a very important area for us and continues to grow with strong relations in the country. Latin America remains a target area for expansion and we are consolidating our partnerships in this vicinity which give us great confidence for the future.

Aquarius Insurance Services, formerly a fellow subsidiary, has now been absorbed into Swinglehurst Limited as a division, rather than a separate operating company, the team has been expanded and now offers great opportunities to continue to grow worldwide.

As reported in 2008, it was our intention to strengthen our Non Marine team and this has been successfully achieved.

SWINGLEHURST LIMITED

DIRECTORS' REPORT

Chairman's Statement (continued)

Regulatory reporting to the Financial Services Authority remains an important part of every day business together with treating our customers fairly and in complete openness. As you are probably aware in 2012, the regulatory procedures will change and general insurance brokers are due to come under the new Consumer Protection and Markets Authority, but as yet the final arrangements have not been released.

Whilst this has been a challenging period for the market as a whole, we are confident that the pipeline of future revenues will mark a significant turning point for the Company. We continue to expand our lines of business, and will be looking to invest substantially in our staff and infrastructure to ensure we can capitalise on our international reputation. All in all, we are very excited about our future prospects and we hope to report significant growth in revenues and net profitability going forward.

As always, without the invaluable support and teamwork from everyone in the company we could not succeed. Their continuing efforts, enthusiasm and loyalty have been exceptional and the Board and I would like to give our heartfelt thanks for their contribution to the company in every aspect of the business throughout the year.

Directors

The following directors have held office since 1 July 2008

A J H Swinglehurst
J J H Swinglehurst
J L Kavanaugh
E J Williams (resigned 10 August, 2009)
P. Agate (appointed 4 November, 2009)
M J Maloney (resigned 28 February 2010)

Directors' Indemnity Insurance

The company insures its directors and officers against wrongful acts committed by them in their capacity as a director or officer of the company.

Auditor

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated the willingness to continue in office.

Statement as to Disclosure of Information to Auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are 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.

SWINGLEHURST LIMITED

DIRECTORS' REPORT

Directors' Responsibilities

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 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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting 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 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.

This report has been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

By order of the board



John Swinglehurst
Director

26 May 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWINGLEHURST LIMITED

We were engaged to audit the financial statements on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website www.frc.org.uk/apb/scope/UKNP.

Basis for disclaimer of opinion on financial statements

Included within turnover for the eighteen month period is fee income of approximately £1.4 million. Whilst we have been made aware that the company was carrying out services for the client to which this income relates during the eighteen month period ended 31 December 2009 and subsequently, the audit evidence available to us was limited because we have not been able to obtain documentary evidence demonstrating that an arrangement existed between the parties during the course of 2009 for remuneration of these services and at the value included in these financial statements. Furthermore this fee income is yet to be received by the company. As a result of this, we have been unable to obtain sufficient appropriate audit evidence concerning the recognition of this fee income as turnover during the eighteen month period ended 31 December 2009 and at the value included.

Disclaimer of opinion on financial statements

Because of the significance of the matter described in the Basis for disclaimer of opinion on financial statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide the basis for an audit opinion. Accordingly we do not express an opinion on the financial statements.

Emphasis of matter – Going concern

We have considered the adequacy of the disclosures made within the Going concern accounting policy paragraph on Page 8 of the financial statements concerning the company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWINGLEHURST LIMITED (continued)

Emphasis of matter – Going concern (continued)

The company awaits receipt of funds in order to meet its existing liabilities and one of its creditors is taking legal action to recover the amounts owed by the company. The directors are confident that funds will be received in the next two to three weeks to settle debts currently due for payment and, with these funds, they anticipate being able to continue trading in line with budget with the support of their creditors, bankers and regulator. As the winding up petition is due to be heard in the High Court of Justice on 15 June 2011, the receipt of funds is time critical. These conditions, together with the matters explained within the Going Concern Paragraph on Page 8 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the financial statements, 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

Arising solely from the limitation of our work referred to above

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit,

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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report

Baker Tilly UK Audit LLP.

JONATHAN MANN (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
1st Floor
46 Clarendon Road
Watford
Hertfordshire
WD17 1JJ

26 May 2011

SWINGLEHURST LIMITED

Profit and Loss Account For the period ended 31 December 2009

| | Notes | 18 Months ended 31 December 2009 £ | <i>Restated</i> Year ended 30 June 2008 £ |
|--|------------|--|--|
| Turnover | 1.3 | 5,402,720 | 3,174,516 |
| Direct Costs | | <u>-</u> | <u>-</u> |
| Gross Profit | | 5,402,720 | 3,174,516 |
| Administrative Expenses (net) | | <u>(5,350,603)</u> | <u>(3,170,695)</u> |
| Operating Profit | 2 | 52,117 | 3,821 |
| Investment income | | 22,560 | 61,706 |
| Interest payable | 3 | <u>(105,405)</u> | <u>(66,448)</u> |
| Loss on ordinary Activities before taxation | | (30,728) | (921) |
| Tax on profit on ordinary activities | 4 | <u>-</u> | <u>(1,573)</u> |
| Loss on ordinary Activities after taxation | | <u>(30,728)</u> | <u>(2,494)</u> |

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

Amounts previously shown as direct costs have been reclassified as administrative expenses to better reflect their nature. The amount included as direct cost to 2008 was £14,856 and this change has had no impact on operating profit

SWINGLEHURST LIMITED

Balance Sheet As at 31 December 2009

| | Notes | 31 December 2009 £ | 30 June 2008 £ |
|---|-------|-----------------------|--------------------|
| Fixed Assets | | | |
| Tangible Assets | 6 | 14,214 | 32,529 |
| Current Assets | | | |
| Debtors | 7 | 11,140,030 | 6,026,505 |
| Cash at bank and in hand | 8 | <u>1,374,515</u> | <u>1,395,743</u> |
| | | 12,514,545 | 7,422,248 |
| Creditors: amounts falling due within one year | 9 | <u>(11,765,469)</u> | <u>(6,660,759)</u> |
| Net Current Assets | | <u>749,076</u> | <u>761,489</u> |
| Total assets less current liabilities | | 763,290 | 794,018 |
| Net Assets | | <u>763,290</u> | <u>794,018</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 700,000 | 700,000 |
| Profit and loss account | 11 | <u>63,290</u> | <u>94,018</u> |
| Shareholders' funds | 12 | <u>763,290</u> | <u>794,018</u> |

These financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies

The financial statements were approved by the Board of Directors and authorised for issue on 26 May 2011, and are signed on its behalf by



J J H Swinglehurst
Director

Company registration no 03455693

SWINGLEHURST LIMITED
Notes to the Financial Statements
For the period ended 31 December 2009

1. Accounting Policies

1.1 Accounting Convention

The financial statements are prepared under the historical cost convention

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, are set out in the Chairman's statement on page 1. The company has experienced challenging trading conditions over the last year and in particular has not to date collected £3 0m of commission income from 2009-2011 referred to in the directors' report. Whilst the directors are confident of significant improvement, these circumstances have led to the company's available financial resources becoming extremely stretched. One significant creditor of the company has taken out a winding up petition for recovery of £920k the amount due to it in April 2011.

The directors have identified sources of finance to settle the company's liabilities currently due for payment and remain confident that this finance will be in place in the next two to three weeks. The receipt of those funds is time critical in view of the winding up petition which has been adjourned for court hearing until 15 June 2011. However they recognise that inherently there can be no certainty over the receipt of those funds within this timescale and that failure to secure these funds will impact on the ability of the company to continue as a going concern.

The directors have prepared projections and forecasts for the business and on the basis of receipt of the funds referred to above, trading in line with projections and the continued support of its creditors, bankers and regulators, the directors believe the company will be able to meet its liabilities as they fall due and provide the company with sufficient capital to meet its regulatory requirements.

Accordingly the directors have continued to prepare these accounts on a going concern basis. No adjustments have been made that might be required if the going concern basis were not to apply. These include amongst others, a reduction in the amount recoverable of £1,238,639 from its immediate parent company which is anticipated to be recoverable by way of set off against future dividends declared by this company.

1.3 Turnover

Turnover represents brokerage and fees earned for placing and servicing risks on behalf of clients, together with fees earned for related services. The Company recognises this income when earned. Brokerage is recognised at the later of the policy inception date or when the policy placement has been completed and confirmed, with a proportion of income deferred over the period of the underlying contracts to recognise the ongoing contractual obligations of maintaining and servicing the contracts over that period. Other fee income is recognised when the Company has earned the right to consideration through the performance of its obligations to customers. In the 18 months to 31 December 2009 – 95% (2008 – 95%) of the company's turnover was to markets outside the United Kingdom.

SWINGLEHURST LIMITED
Notes to the Financial Statements
For the period ended 31 December 2009

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Short leasehold property – over the initial term of the lease
Plant and equipment – 25% straight line
Office furniture – 25% straight line

1.5 Leasing and hire purchase commitments

Where assets are financed by leasing agreements that give rights approximating to ownership (“finance leases”), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding. All other leases are “operating leases” and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into a lease are accounted for over a period of the lease so as to spread the benefit received over the lease term or, if shorter, the period ending when prevailing market rentals will become payable.

1.6 Insurance debtors and creditors

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers’ and as such are generally not liable as principals for amounts arising from such transactions. Notwithstanding this relationship debit and credit balances arising from insurance broking transactions have been reported as separate assets and liabilities unless there is a definite legal basis to permit the offset of such balances with a particular counterparty. Insurance debtors and creditors relating to authorised agents activities have been shown within the accounts of that company.

1.7 Retirement Benefits

The Company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

1.8 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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.9 Accounting for lessors income

Rental income from operating leases are charged on a straight-line basis over the term of the lease.

SWINGLEHURST LIMITED
Notes to the Financial Statements
For the period ended 31 December 2009

1.10 Foreign currency translation

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 ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.11 Cash Flow Statement

The company has taken advantage of the small company exemption from preparing a cash flow statement under the terms of FRS1.

2. Operating Profit

| | 2009 | 2008 |
|---|---------------|---------------|
| | £ | £ |
| Operating Profit is stated after charging/(crediting) | | |
| Depreciation of tangible assets | | |
| – owned assets | 28,318 | 38,117 |
| – assets on finance leases | - | 3,213 |
| Operating lease rentals | | |
| – Plant and Machinery | 28,796 | 21,001 |
| – Land and Buildings | 420,420 | 290,307 |
| Rental Income | (125,278) | (155,515) |
| (Gain)/Loss on foreign exchange | (74,132) | 36,424 |
| Directors' emoluments | 417,128 | 275,410 |
| Auditors' remuneration | | |
| – As auditors | 22,198 | 8,950 |
| – Other services | 8,279 | 3,950 |
| Pension costs - defined contribution scheme | <u>89,892</u> | <u>59,418</u> |

3. Interest Payable and Similar Charges

| | 2009 | 2008 |
|------------------------|----------------|---------------|
| | £ | £ |
| Overdraft interest | 104,929 | 45,367 |
| Finance Lease interest | 476 | 1,246 |
| Other interest | - | 19,835 |
| | <u>105,405</u> | <u>66,448</u> |

4. Taxation

| | 2009 | 2008 |
|--|----------|----------------|
| | £ | £ |
| Current tax UK corporation tax on profits for the period | - | 3,090 |
| Adjustment in respect of previous period | - | (672) |
| | <u>-</u> | <u>2,418</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | - | (845) |
| Tax on profit on ordinary activities | <u>-</u> | <u>(1,573)</u> |

SWINGLEHURST LIMITED
Notes to the Financial Statements
For the period ended 31 December 2009

4. Taxation (continued)

Reconciliation of tax charge

| | | |
|---|----------|--------------|
| Loss on ordinary activities before tax | (30,728) | (921) |
| Loss on ordinary activities multiplied by the standard rate of corporation tax 28% (2008 30%) | (8,604) | (276) |
| Effects of - | | |
| Expenses not deductible for tax purposes | 77,710 | 28,944 |
| Depreciation in excess of capital allowances | 1,429 | 8,373 |
| Other tax adjustments | 174 | (420) |
| Group Relief | (70,709) | (32,042) |
| Marginal relief | - | (1,489) |
| Current tax charge for the period | <u>-</u> | <u>3,090</u> |

5. Directors' remuneration

| | 2009 | 2008 |
|-------------------------|----------------|----------------|
| Directors' remuneration | <u>417,128</u> | <u>275,410</u> |

The number of directors to whom retirement benefits are accruing under Money purchase pension schemes

3 4

6. Tangible Fixed Assets

| | Short Leasehold £ | Office Furniture £ | Plant & Equipment £ | Total £ |
|----------------------------|-------------------------|--------------------------|---------------------------|----------------|
| Cost | | | | |
| At 1 July 2008 | 186,537 | 23,081 | 168,144 | 377,762 |
| Additions | - | - | 10,003 | 10,003 |
| At 31 December 2009 | <u>186,537</u> | <u>23,081</u> | <u>178,147</u> | <u>387,765</u> |
| Depreciation | | | | |
| At 1 July 2008 | 186,537 | 19,375 | 139,321 | 345,233 |
| Charge for the period | - | 3,171 | 25,147 | 28,318 |
| At 31 December 2009 | <u>186,537</u> | <u>22,546</u> | <u>164,468</u> | <u>373,551</u> |
| Net Book Value | | | | |
| At 31 December 2009 | <u>-</u> | <u>535</u> | <u>13,679</u> | <u>14,214</u> |
| At 30 June 2008 | <u>-</u> | <u>3,706</u> | <u>28,823</u> | <u>32,529</u> |

Included above are assets held under finance leases or hire purchase contracts as follows

SWINGLEHURST LIMITED
Notes to the Financial Statements
For the period ended 31 December 2009

6. Tangible Fixed Assets (continued)

| | |
|----------------------------|-------------------------|
| Net book values | Office Equipment |
| At 31 December 2009 | <u>NIL</u> |
| At 30 June 2008 | <u>3,214</u> |

| | |
|---|-------------------------|
| Depreciation charge for the period | Office Equipment |
| At 31 December 2009 | <u>NIL</u> |
| At 30 June 2008 | <u>3,214</u> |

| | | |
|---|--------------------------|-------------------------|
| 7. Debtors | 2009 | 2008 |
| | £ | £ |
| Insurance debtors | 8,216,384 | 4,285,933 |
| Amounts owed by parent undertaking | 1,238,639 | 1,152,298 |
| Amounts owed by fellow subsidiary undertaking | 41,686 | - |
| VAT | - | 1,096 |
| Other debtors | 32,082 | 63,901 |
| Prepayments and accrued income | 1,569,820 | 523,277 |
| Amounts due from Directors | 41,419 | - |
| | <u>11,140,030</u> | <u>6,026,505</u> |

Amounts owed by group undertakings are anticipated to be recovered through set off against future dividend payments

8. Cash

Included within cash balances are amounts totalling £1,374,515 which relate to client monies bank balances held by the company as agent for its clients. Client monies in relation to authorised agents have been included within the agents' own financial statements

| | | |
|--|--------------------------|-------------------------|
| 9. Creditors: amounts falling due within one year | 2009 | 2008 |
| | £ | £ |
| Bank overdraft | 1,173,090 | 624,635 |
| Insurance creditors | 9,113,838 | 5,189,594 |
| Directors' loan account | - | 5,309 |
| Amounts due to group undertakings | 114 | - |
| Net obligations under finance leases | - | 2,726 |
| Corporation Tax | 607 | 4,004 |
| Other taxes and social security | 582,595 | 258,508 |
| Other creditors, accruals and deferred income | 525,647 | 575,983 |
| Other loans | 369,578 | - |
| | <u>11,765,469</u> | <u>6,660,759</u> |

The bank overdraft is secured by means of a directors' personal guarantee.

In relation to the defined contribution pension scheme and included within accruals, the company had outstanding contributions of £12,022 (2008 £12,736)

SWINGLEHURST LIMITED
Notes to the Financial Statements
For the period ended 31 December 2009

| | | | |
|------------|--|-------------------------|-------------------------|
| 10. | Share Capital | 2009 | 2008 |
| | | £ | £ |
| | Authorised | | |
| | 5,000,000 ordinary shares of £1 each | <u>5,000,000</u> | <u>5,000,000</u> |
| | Allotted, called up and fully paid | | |
| | 700,000 ordinary shares of £1 each | <u>700,000</u> | <u>700,000</u> |
| 11. | Statement of movements on profit and loss account | 2009 | 2008 |
| | | £ | £ |
| | Balance at 1 July 2008 | 94,018 | 96,512 |
| | Retained loss for the period | <u>(30,728)</u> | <u>(2,494)</u> |
| | Balance at 31 December 2009 | <u>63,290</u> | <u>94,018</u> |
| 12. | Reconciliation of movements in shareholders funds | 2009 | 2008 |
| | | £ | £ |
| | Loss for the financial period | (30,728) | (2,494) |
| | Net (decrease) in shareholders' funds | <u>(30,728)</u> | <u>(2,494)</u> |
| | Opening shareholders' funds | <u>794,018</u> | <u>796,512</u> |
| | Closing shareholders' funds | <u>763,290</u> | <u>794,018</u> |

13. Commitments under Operating Leases

At 31 December 2009, the company was committed to making the following payments during the next year under non-cancellable operating leases as follows

| Lease Expiry | 2009 Land & Buildings | 2009 Other Operating Leases | 2008 Land & Buildings | 2008 Other Operating Leases |
|--|----------------------------------|------------------------------------|----------------------------------|------------------------------------|
| In 1 st to 2 nd Year | - | 1,223 | - | 11,639 |
| In 2 nd to 5 th Year | 266,179 | 9,017 | 266,179 | - |

14. Control

The ultimate parent undertaking is Swinglehurst Holdings Limited, company number 3848962, a company registered in the United Kingdom. The ultimate controlling parties are Mr J J H Swinglehurst and Mr A J H Swinglehurst.

SWINGLEHURST LIMITED
Notes to the Financial Statements
For the period ended 31 December 2009

15. Related Party Transactions

The company purchases goods and services, on normal commercial terms, from Via IT Services Limited, in which Swinglehurst Holdings Limited holds 23% of its ordinary shares

The value of such purchases during the period ended 31 December 2009 was £24,811 (2008 £19,510) and the outstanding balance at that date was £14,597 (2008 £10,875)

Other transactions with group companies are as follows -

| | 2009 | 2008 |
|--|-----------------|-----------------|
| <u>Strategic Risk Partnerships Limited</u> | | |
| Management fees receivable | NIL | NIL |
| Recharge of costs | £184,003 | £149,351 |
| Year end balance - debtor | £41,686 | NIL |

Swinglehurst Holdings Limited holds 57.5% of Strategic Risk Partnerships Limited's ordinary share capital

| | 2009 | 2008 |
|-----------------|----------------|-------------|
| Directors loans | £41,419 | NIL |

During the period, the company transacted with Directors on an arms length basis. The highest amounts owed by MJ Maloney and AJH Swinglehurst during the period amounted to £5,752 (2008 £9,283) and £98,030 (2008 Nil), respectively. At the year end £41,419 was owed by AJH Swinglehurst.

Advantage has been taken of the exemption under Financial Reporting Standard 8 ('FRS 8') Related Party Transactions, not to disclose transactions between entities wholly owned within the Swinglehurst Holdings Limited Group.

SWINGLEHURST LIMITED
Detailed Profit and Loss Sheet
For the 18 months ended 31 December 2009

| | <u>18 months ended</u> <u>31 December 2009</u> | <u>Year ended 30 June 2008</u> |
|---|---|--------------------------------|
| | £ | £ |
| Turnover | | |
| Brokerage income | 5,402,720 | 3,174,516 |
| Administrative expenses | | |
| Regulatory fees | 26,059 | 14,856 |
| Third party brokerage | 206,401 | 187,213 |
| Salaries and staff costs | 2,272,650 | 1,453,141 |
| Directors remuneration | 411,175 | 275,410 |
| Employers NI contributions | 287,319 | 190,399 |
| Staff training & recruitment | - | 3,020 |
| Rent, rates, storage and service charge | 444,099 | 197,810 |
| China expenses | - | 31,800 |
| Repairs and other establishment costs | 27,540 | 19,851 |
| Insurance | 259,856 | 233,168 |
| Printing, postage and stationery | 32,805 | 15,532 |
| Telephone and fax | 44,521 | 42,494 |
| Computer and software expenses | 106,509 | 47,316 |
| Equipment hire and maintenance | 28,796 | 21,001 |
| Travel, subsistence and entertaining | 233,325 | 209,144 |
| Advertising and Promotion | - | 6,210 |
| Legal and professional fees | 77,077 | 28,232 |
| Consultancy | 106,985 | 59,402 |
| Audit and accountancy | 30,477 | 26,748 |
| Bank charges | 46,118 | 21,925 |
| (Gain)/loss on Foreign Exchange | (74,132) | 36,424 |
| General expenses | 7,679 | 2,529 |
| Subscriptions and donations | 16,323 | 5,740 |
| VAT irrecoverable | 26,908 | - |
| Depreciation | 28,318 | 41,330 |
| Profit on Disposals | (2,500) | - |
| Bad Debt Provision | 706,295 | - |
| | <u>(5,350,603)</u> | <u>(3,170,695)</u> |
| Operating Profit | 52,117 | 3,821 |
| Other interest receivable and similar income | | |
| Bank interest received | 22,560 | 61,706 |
| Interest payable | <u>(105,405)</u> | <u>(66,448)</u> |
| Loss before taxation | <u>(30,728)</u> | <u>(921)</u> |