

Company Registration No. 03697314 (England and Wales)

**REICH INSURANCE BROKERS LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

**PAGES FOR FILING WITH REGISTRAR**

# REICH INSURANCE BROKERS LIMITED

## CONTENTS

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|                                   | Page   |
|-----------------------------------|--------|
| Balance sheet                     | 1      |
| Notes to the financial statements | 2 - 10 |

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# REICH INSURANCE BROKERS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2020

|  | Notes | 2020<br>£   | £ | 2019<br>£   | £ |
|--|-------|-------------|---|-------------|---|
| <b>Fixed assets</b>  |       |             |   |             |   |
| Intangible assets  | 3     | 8,815,321   |   | 1,454,778   |   |
| Tangible assets  | 4     | 760,496     |   | 300,172     |   |
| Investment properties  | 5     | 265,148     |   | -           |   |
| Investments  | 6     | 1,345,669   |   | 579,043     |   |
|  |       |             |   |             |   |
|  |       | 11,186,634  |   | 2,333,993   |   |
| <b>Current assets</b>  |       |             |   |             |   |
| Debtors  | 7     | 7,219,619   |   | 18,257,451  |   |
| Cash at bank and in hand                                       |       | 6,951,476   |   | 5,129,249   |   |
|  |       |             |   |             |   |
|  |       | 14,171,095  |   | 23,386,700  |   |
| <b>Creditors: amounts falling due within one year</b>          | 8     | (6,903,411) |   | (8,522,318) |   |
|  |       |             |   |             |   |
| <b>Net current assets</b>                                      |       | 7,267,684   |   | 14,864,382  |   |
|  |       |             |   |             |   |
| <b>Total assets less current liabilities</b>                   |       | 18,454,318  |   | 17,198,375  |   |
|  |       |             |   |             |   |
| <b>Creditors: amounts falling due after more than one year</b> | 9     | -           |   | (299,006)   |   |
|  |       |             |   |             |   |
| <b>Provisions for liabilities</b>                              |       | (4,822)     |   | (18,230)    |   |
|  |       |             |   |             |   |
| <b>Net assets</b>  |       | 18,449,496  |   | 16,881,139  |   |
|  |       |             |   |             |   |
| <b>Capital and reserves</b>                                    |       |             |   |             |   |
| Called up share capital  |       | 300,400     |   | 286,000     |   |
| Profit and loss reserves                                       |       | 18,149,096  |   | 16,595,139  |   |
|  |       |             |   |             |   |
| <b>Total equity</b>  |       | 18,449,496  |   | 16,881,139  |   |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 25 February 2021 and are signed on its behalf by:

Mr S P Taylor  
Director

Mr D A Lopian  
Director

Company Registration No. 03697314

# REICH INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2020**

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### **1 Accounting policies**

#### **Company information**

Reich Insurance Brokers Limited is a private company limited by shares incorporated in England and Wales. The registered office is 197 Chapel Street, Manchester, M3 5EQ.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Turnover**

Turnover comprises commissions and fees receivable from insurance brokerage based on amounts due on policies with effective dates up to the balance sheet date. Turnover also includes further income streams from insurance companies accounted for on a receipts basis in view of the uncertainty as to amount and eventual date of receipt.

#### **1.3 Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### **1.4 Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 - 20 years.

#### **1.5 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                   |                     |
|-------------------|---------------------|
| Development costs | Evenly over 5 years |
|-------------------|---------------------|

#### **1.6 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# REICH INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                        |                                    |
|------------------------|------------------------------------|
| Leasehold improvements | Evenly over lease term of 15 years |
| Fixtures and fittings  | 20% reducing balance               |
| Computers              | 33% reducing balance               |
| Motor vehicles         | 25% reducing balance               |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

#### 1.8 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.9 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

#### 1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# REICH INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

(Continued)

#### 1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# REICH INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

(Continued)

#### 1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

# REICH INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 1 Accounting policies

(Continued)

#### 1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 1.18 Employee benefit trust

The value of any assets held by the Trust which have not been unconditionally transferred to the beneficiaries is included within current assets, subject to any provision required for a permanent diminution in their value. Contributions made to the Trust are charged to the profit and loss account to the extent that the assets held by the Trust as a result of the contribution have been unconditionally gifted to the beneficiaries.

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 104 (2019 - 35).

### 3 Intangible fixed assets

|                                    | Goodwill<br>£ | Other<br>£ | Total<br>£ |
|------------------------------------|---------------|------------|------------|
| <b>Cost</b>                        |               |            |            |
| At 1 April 2019                    | 2,662,787     | 52,110     | 2,714,897  |
| Additions                          | 8,317,020     | 62,476     | 8,379,496  |
| Other changes                      | (3,289)       | -          | (3,289)    |
| At 31 March 2020                   | 10,976,518    | 114,586    | 11,091,104 |
| <b>Amortisation and impairment</b> |               |            |            |
| At 1 April 2019                    | 1,249,697     | 10,422     | 1,260,119  |
| Amortisation charged for the year  | 986,272       | 22,917     | 1,009,189  |
| Impairment losses                  | -             | 6,475      | 6,475      |
| At 31 March 2020                   | 2,235,969     | 39,814     | 2,275,783  |
| <b>Carrying amount</b>             |               |            |            |
| At 31 March 2020                   | 8,740,549     | 74,772     | 8,815,321  |
| At 31 March 2019                   | 1,413,090     | 41,688     | 1,454,778  |

Other Intangible fixed assets above relate to development and set up costs in relation to a Customer Relationship Management (CRM) project. The company has undertaken this project, which is ongoing, with the view of enhancing its ability to provide a more complete service to its client base.



# REICH INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 4 Tangible fixed assets

|                                    | Land and<br>buildings | Plant and<br>machinery etc | Total     |
|------------------------------------|-----------------------|----------------------------|-----------|
|                                    | £                     | £                          | £         |
| <b>Cost</b>                        |                       |                            |           |
| At 1 April 2019                    | 262,005               | 230,391                    | 492,396   |
| Additions                          | 209,101               | 423,583                    | 632,684   |
| Disposals                          | -                     | (24,078)                   | (24,078)  |
| At 31 March 2020                   | 471,106               | 629,896                    | 1,101,002 |
| <b>Depreciation and impairment</b> |                       |                            |           |
| At 1 April 2019                    | 50,474                | 141,750                    | 192,224   |
| Depreciation charged in the year   | 34,667                | 126,261                    | 160,928   |
| Eliminated in respect of disposals | -                     | (12,646)                   | (12,646)  |
| At 31 March 2020                   | 85,141                | 255,365                    | 340,506   |
| <b>Carrying amount</b>             |                       |                            |           |
| At 31 March 2020                   | 385,965               | 374,531                    | 760,496   |
| At 31 March 2019                   | 211,531               | 88,641                     | 300,172   |

### 5 Investment property

|                   | 2020<br>£ |
|-------------------|-----------|
| <b>Fair value</b> |           |
| At 1 April 2019   | -         |
| Additions         | 265,148   |
| At 31 March 2020  | 265,148   |

Investment property comprises a 5% equity share in an investment in Irvine LP. The acquisition was completed on 21 February 2020 and the fair value of the investment property has been arrived at on the basis of cost at acquisition. The directors are satisfied that the market value at 31 March 2020 was representative of the fair value on acquisition.

### 6 Fixed asset investments

|                                    | 2020<br>£ | 2019<br>£ |
|------------------------------------|-----------|-----------|
| Other investments other than loans | 1,345,669 | 579,043   |

# REICH INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 6 Fixed asset investments (Continued)

#### Movements in fixed asset investments

|                          | Shares in group<br>undertakings | Other<br>investments<br>other than<br>loans | Total     |
|--------------------------|---------------------------------|---|-----------|
|                          | £                               | £   | £         |
| <b>Cost or valuation</b> |                                 |   |           |
| At 1 April 2019          | -                               | 579,043                                     | 579,043   |
| Additions                | 14,400                          | 857,265                                     | 871,665   |
| Valuation changes        | -                               | (88,655)                                    | (88,655)  |
| Disposals                | -                               | (1,984)                                     | (1,984)   |
| At 31 March 2020         | 14,400                          | 1,345,669                                   | 1,360,069 |
| <b>Impairment</b>        |                                 |   |           |
| At 1 April 2019          | -                               | -   | -         |
| Impairment losses        | 14,400                          | -   | 14,400    |
| At 31 March 2020         | 14,400                          | -   | 14,400    |
| <b>Carrying amount</b>   |                                 |   |           |
| At 31 March 2020         | -                               | 1,345,669                                   | 1,345,669 |
| At 31 March 2019         | -                               | 579,043                                     | 579,043   |

### 7 Debtors

|  | 2020<br>£ | 2019<br>£  |
|--|-----------|------------|
| <b>Amounts falling due within one year:</b>          |           |            |
| Trade debtors  | 4,337,534 | 2,921,003  |
| Amounts owed by group undertakings                   | 2,426,032 | 3,726,333  |
| Other debtors  | 456,053   | 678,628    |
|  | 7,219,619 | 7,325,964  |
| <b>Amounts falling due after more than one year:</b> |           |            |
| Other debtors  | -         | 10,931,487 |
| <b>Total debtors</b>                                 | 7,219,619 | 18,257,451 |

# REICH INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

**8 Creditors: amounts falling due within one year**

|                                    | 2020             | 2019             |
|------------------------------------|------------------|------------------|
|                                    | £                | £                |
| Bank loans and overdrafts          | 66,912           | -                |
| Trade creditors                    | 9,256            | 42,138           |
| Amounts owed to group undertakings | 100              | -                |
| Corporation tax                    | 344,074          | 357,064          |
| Other taxation and social security | 152,386          | 79,250           |
| Other creditors                    | 6,330,683        | 8,043,866        |
|                                    | <u>6,903,411</u> | <u>8,522,318</u> |

**9 Creditors: amounts falling due after more than one year**

|                 | 2020     | 2019           |
|-----------------|----------|----------------|
|                 | £        | £              |
| Other creditors | -        | 299,006        |
|                 | <u>-</u> | <u>299,006</u> |

**10 Audit report information**

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Jason Selig BA ACA CTA DChA.

The auditor was Lopian Gross Barnett & Co.

**11 Events after the reporting date**

The Directors have closely monitored the Government guidance in response to the Covid-19 Pandemic and have implemented measures in line with Governmental guidelines. The Directors have assessed the impact of Covid-19 on the company and conclude that there are no items resulting from the Covid-19 Pandemic which require disclosure at the balance sheet date.

**12 Related party transactions**

There were no related party transactions outside the normal course of business.

## **REICH INSURANCE BROKERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2020***

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#### **13 Parent company**

The company is a wholly owned subsidiary of Reich Group Ltd. The registered office of Reich Group Ltd is 197 Chapel Street, Manchester, M3 5EQ.

The results for Reich Insurance Brokers Ltd are included within the consolidated accounts of Reich Group Ltd.

The ultimate controlling parties are Daniel Lopian and Simon Taylor.

#### **14 Group reorganisation**

During the course of the year a reorganisation of the group occurred whereby the shares of Reich Brokers were acquired by Reich Insurance Brokers Ltd.

Following this group reorganisation effective from 1st October 2019, the trade, assets and liabilities of Reich Brokers have been purchased by Reich Insurance Brokers Limited in return for settling an outstanding debt. There was no gain or loss on this transaction.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.