

Company Registration No. 03697314 (England and Wales)

REICH INSURANCE BROKERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

REICH INSURANCE BROKERS LIMITED

COMPANY INFORMATION

Directors Mr S P Taylor
Mr D A Lopian

Secretary Mr S P Taylor

Company number 03697314

Registered office Medal House
197 Chapel Street
MANCHESTER
M3 5EQ

Auditor Lopian Gross Barnett & Co
1st Floor, Cloister House
Riverside
New Bailey Street
Manchester
M3 5FS

Business address Medal House
197 Chapel Street
MANCHESTER
M3 5EQ

REICH INSURANCE BROKERS LIMITED

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REICH INSURANCE BROKERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present the strategic report for the year ended 31 March 2021.

Fair review of the business

The directors are satisfied with the results of the business for the year under review.

The Key financial and other performance indicators for the year are:

2021 2020

Turnover £13,298,004 £10,445,257

Operating Profit £4,279,956 £2,566,962

EBITDA £5,170,526 £3,741,138

Profit and loss reserves £21,495,985 £18,149,096

Current ratio 2.91 2.05

Turnover: Total staff costs (times) 2.2 1.81

The directors are pleased to report an increase in turnover (commission income) during the year under review. Notwithstanding the Coronavirus pandemic the company has been able to increase both turnover and profitability against the results for 2020 with a mixture of new business, excellent retention and prudent monitoring of costs.

The current ratio above indicates that the company can pay its liabilities as they fall due over the coming year.

Principal risks and uncertainties

The principal risks associated with the company's business are actuarial market factors which in turn affect the optimum insurance premiums the company can secure for its clientele. In order to mitigate this, Reich Insurance Brokers Limited deal with a broad range of insurance companies from whom the best insurance cover rates can be secured for specific types of business and client. In this way the company remains fully competitive. The success is by also actively cultivating its excellent relationships in the wider insurance market.

The company is not currently undertaking a program of significant capital expenditure.

Covid-19

The financial statements cover a period of one year ending more than a year since the pandemic began. The company has continued to increase turnover and profit throughout and the directors envisage no Going Concern issues as a result of the pandemic.

The nature of the company's business is not capital intensive and no impairment to its tangible fixed assets has arisen.

With regards the company's goodwill the directors are satisfied that there is no further impairment to its carrying value as a result of the pandemic as there has been no customer base loss due to Covid 19 hardship.

Following the undertaking of a thorough review of client debtor balances the directors are satisfied that no bad debts should arise for the year under review.

Investments are included at market value at the balance sheet date and the directors do not consider that Covid 19 necessitates any provisions against these values.

REICH INSURANCE BROKERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

The company undertook only very minor staff furlough measures at the commencement of the pandemic which quickly ceased. There have been no redundancies due to the pandemic. The company has undertaken a program of remote working from March 2020 to safeguard its staff and therefore ensure it is able to continually service its clients.

By order of the board

Mr S P Taylor
Director

5 November 2021

REICH INSURANCE BROKERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the company continued to be that of insurance consultants.

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £240,000. 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 signature of the financial statements were as follows:

Mr S P Taylor

Mr D A Lopian

Mr A Tidey

(Resigned 27 July 2020)

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

Lopian Gross Barnett & Co were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

REICH INSURANCE BROKERS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

On behalf of the board

Mr S P Taylor
Director

5 November 2021

REICH INSURANCE BROKERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

The directors are responsible for preparing the annual 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

REICH INSURANCE BROKERS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REICH INSURANCE BROKERS LIMITED

Opinion

We have audited the financial statements of Reich Insurance Brokers Limited (the 'company') for the year ended 31 March 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

REICH INSURANCE BROKERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF REICH INSURANCE BROKERS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 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 misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

REICH INSURANCE BROKERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF REICH INSURANCE BROKERS LIMITED

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:

- We obtained an understanding of laws and regulations that affect the entity, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations.
- Where considered necessary we enquired of those charged with governance, reviewed correspondence and reviewed meeting minutes for evidence of non-compliance with relevant laws and regulations.
- We gained an understanding of the controls environment which includes the controls in place to prevent and detect fraud. We enquired of those charged with governance about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks.
- We reviewed financial statements disclosures to assess compliance with relevant laws and regulations.
- We enquired of those charged with governance about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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.

REICH INSURANCE BROKERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF REICH INSURANCE BROKERS LIMITED

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.

Jason Selig BA ACA CTA DChA (Senior Statutory Auditor)
For and on behalf of Lopian Gross Barnett & Co

8 November 2021

Chartered Accountants
Statutory Auditor

1st Floor, Cloister House
Riverside
New Bailey Street
Manchester
M3 5FS

REICH INSURANCE BROKERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	13,298,004	10,445,257
Administrative expenses		(9,298,458)	(9,794,042)
Other operating income		280,410	1,915,747
Operating profit	4	4,279,956	2,566,962
Interest receivable and similar income	8	10,287	40,610
Interest payable and similar expenses	9	(8,643)	(4,270)
Fair value adjustments	10	200,483	(88,743)
Profit before taxation		4,482,083	2,514,559
Tax on profit	11	(895,194)	(670,602)
Profit for the financial year		3,586,889	1,843,957

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

REICH INSURANCE BROKERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Profit for the year	3,586,889	1,843,957
Other comprehensive income	-	-
Total comprehensive income for the year	<u>3,586,889</u>	<u>1,843,957</u>

REICH INSURANCE BROKERS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Goodwill	14	7,993,460		8,740,549	
Other intangible assets	14	51,855		74,772	
Total intangible assets		8,045,315		8,815,321	
Tangible assets	15	763,250		760,496	
Investment properties	16	183,000		265,148	
Investments	17	1,762,917		1,345,669	
		10,754,482		11,186,634	
Current assets					
Debtors	18	8,386,972		7,219,619	
Cash at bank and in hand		8,516,582		6,951,476	
		16,903,554		14,171,095	
Creditors: amounts falling due within one year	19	(5,814,095)		(6,903,411)	
Net current assets		11,089,459		7,267,684	
Total assets less current liabilities		21,843,941		18,454,318	
Provisions for liabilities					
Deferred tax liability	22	47,556		4,822	
			(47,556)		(4,822)
Net assets		21,796,385		18,449,496	
Capital and reserves					
Called up share capital	24	300,400		300,400	
Profit and loss reserves		21,495,985		18,149,096	
Total equity		21,796,385		18,449,496	

The financial statements were approved by the board of directors and authorised for issue on 5 November 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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 April 2019		286,000	16,595,139	16,881,139
Year ended 31 March 2020:				
Profit and total comprehensive income for the year		-	1,843,957	1,843,957
Issue of share capital	24	14,400	-	14,400
Dividends	12	-	(290,000)	(290,000)
Balance at 31 March 2020		300,400	18,149,096	18,449,496
Year ended 31 March 2021:				
Profit and total comprehensive income for the year		-	3,586,889	3,586,889
Dividends	12	-	(240,000)	(240,000)
Balance at 31 March 2021		300,400	21,495,985	21,796,385

REICH INSURANCE BROKERS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	29	2,921,671		12,476,120	
Interest paid		(8,643)		(4,270)	
Income taxes paid		(765,007)		(697,000)	
Net cash inflow from operating activities		2,148,021		11,774,850	
Investing activities					
Purchase of intangible assets		-	(8,379,496)		
Purchase of tangible fixed assets		(230,993)	(632,684)		
Proceeds on disposal of tangible fixed assets		79,321	23,612		
Purchase of investment property		-	(265,148)		
Proceeds on disposal of investments		14,590	-		
Purchase of investments		(149,208)	(855,369)		
Receipts arising from loans made		-	337,429		
Interest received		9,782	40,225		
Dividends received		505	385		
Net cash used in investing activities		(276,003)		(9,731,046)	
Financing activities					
Payment of finance leases obligations		-	1,511		
Dividends paid		(240,000)	(290,000)		
Net cash used in financing activities		(240,000)		(288,489)	
Net increase in cash and cash equivalents		1,632,018		1,755,315	
Cash and cash equivalents at beginning of year		6,884,564		5,129,249	
Cash and cash equivalents at end of year		8,516,582		6,884,564	
Relating to:					
Cash at bank and in hand		8,516,582		6,951,476	
Bank overdrafts included in creditors payable within one year		-		(66,912)	

REICH INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.7 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.

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.

1.8 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.

1.9 Fixed asset investments

Fixed asset investments relate to listed and unlisted investments and an Employee Benefit Trust Bond. These fixed asset investments are held at fair value at the balance sheet date with the value reviewed at each reporting period end. Any changes in fair value are recognised within the profit and loss account.

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.

1.10 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.

1.11 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.

1.12 Financial instruments

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.

REICH INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.13 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.

1.14 Taxation

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

REICH INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

1.15 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.

1.16 Retirement benefits

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

1.17 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 2021

1 Accounting policies

(Continued)

1.18 Government grants

Grant income relates to furlough income under Coronavirus Job Retention Scheme and interest payments being covered by the government on Coronavirus Business Interruption Loan Scheme.

Under the Furlough scheme, cash payments were made to compensate for part of the wages, associated national insurance and employer contributions of employees who have been placed on furlough.

This grant income has been recognised under the performance model whereby entitlement to the grant only passes to the company when relevant employees are placed on furlough. Grant income is recognised on a straight line basis over the furlough period for each employee.

Grants received before the recognition criteria are satisfied is recognised as a liability.

1.19 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.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by class of business		
Insurance Brokerage	13,298,004	10,445,257
	<u> </u>	<u> </u>
	2021	2020
	£	£
Other significant revenue		
Interest income	9,782	40,225
Dividends received	505	385
Grants received	19,270	-
	<u> </u>	<u> </u>

REICH INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

3 Turnover and other revenue	(Continued)	
	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom and Europe	13,298,004	10,445,257
4 Operating profit	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	967	25,827
Research and development costs	85,196	88,850
Government grants	(19,270)	-
Fees payable to the company's auditor for the audit of the company's financial statements	76,200	80,000
Depreciation of owned tangible fixed assets	154,281	160,928
Profit on disposal of tangible fixed assets	(5,371)	(2,416)
Amortisation of intangible assets	741,660	1,009,189
Impairment of intangible assets	-	6,475
Operating lease charges	249,291	249,146
5 Auditor's remuneration	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	76,200	80,000
6 Employees		
The average monthly number of persons (including directors) employed by the company during the year was 110 (2020 - 104).		
Their aggregate remuneration comprised:		
	2021	2020
	£	£
Wages and salaries	5,830,044	5,587,142
Pension costs	207,004	186,168
	6,037,048	5,773,310

REICH INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	552,970	616,273
Company pension contributions to defined contribution schemes	19,603	19,603
	<u>572,573</u>	<u>635,876</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	306,513	250,120
Company pension contributions to defined contribution schemes	9,802	9,802
	<u>316,315</u>	<u>259,922</u>

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	2,394	47,674
Other interest income	7,388	(7,449)
	<u>9,782</u>	<u>40,225</u>
Total interest revenue		
	9,782	40,225
Other income from investments		
Dividends received	505	385
	<u>505</u>	<u>385</u>
Total income	<u>10,287</u>	<u>40,610</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	2,394	47,674
	<u>2,394</u>	<u>47,674</u>

REICH INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

9 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	2
Other interest on financial liabilities	-	301
	-	303
Other finance costs:		
Interest on finance leases and hire purchase contracts	461	1,015
Other interest	8,182	2,952
	8,643	4,270

10 Amounts written off investments

	2021 £	2020 £
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	280,325	(75,018)
Other gains/(losses)		
Gain on disposal of investments held at fair value	2,306	-
Gain on disposal of fixed asset investments	-	675
Amounts written back to/(written off) current loans	-	(14,400)
Other gains and losses	(82,148)	(14,400)
	200,483	(103,143)

11 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	852,460	728,762
Adjustments in respect of prior periods	-	(35,204)
Total current tax	852,460	693,558
Deferred tax		
Origination and reversal of timing differences	42,734	(22,956)
Total tax charge	895,194	670,602

REICH INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	4,482,083	2,514,559
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	851,596	477,766
Tax effect of expenses that are not deductible in determining taxable profit	-	36,648
Gains not taxable	-	(459)
Permanent capital allowances in excess of depreciation	12,365	13,235
Amortisation on assets not qualifying for tax allowances	136,561	187,392
Effect of revaluations of investments	(37,654)	14,253
Under/(over) provided in prior years	-	(35,204)
Deferred tax adjustments in respect of prior years	42,734	(22,956)
Dividend income	(96)	(73)
Other adjustments	(110,312)	-
Taxation charge for the year	895,194	670,602

12 Dividends

	2021 £	2020 £
Interim paid	240,000	290,000

13 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2021 £	2020 £
In respect of:			
Fixed asset investments	17	82,148	14,400
Recognised in:			
Amounts written off investments		82,148	14,400

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

REICH INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

14 Intangible fixed assets

	Goodwill	Development costs	Total
	£	£	£
Cost			
At 1 April 2020	10,976,518	114,586	11,091,104
Other changes	(28,346)	-	(28,346)
At 31 March 2021	10,948,172	114,586	11,062,758
Amortisation and impairment			
At 1 April 2020	2,235,969	39,814	2,275,783
Amortisation charged for the year	718,743	22,917	741,660
At 31 March 2021	2,954,712	62,731	3,017,443
Carrying amount			
At 31 March 2021	7,993,460	51,855	8,045,315
At 31 March 2020	8,740,549	74,772	8,815,321

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.

15 Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2020	471,106	239,580	217,429	172,887	1,101,002
Additions	-	2,575	44,893	183,525	230,993
Disposals	-	-	-	(118,954)	(118,954)
At 31 March 2021	471,106	242,155	262,322	237,458	1,213,041
Depreciation and impairment					
At 1 April 2020	85,141	108,085	99,364	47,916	340,506
Depreciation charged in the year	31,407	26,814	53,776	42,284	154,281
Eliminated in respect of disposals	-	-	-	(44,996)	(44,996)
At 31 March 2021	116,548	134,899	153,140	45,204	449,791
Carrying amount					
At 31 March 2021	354,558	107,256	109,182	192,254	763,250
At 31 March 2020	385,965	131,495	118,065	124,971	760,496

REICH INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

16 Investment property

	2021 £
Fair value	
At 1 April 2020	265,148
Net gains or losses through fair value adjustments	(82,148)
	<hr/>
At 31 March 2021	183,000
	<hr/>

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 2021 was representative of the fair value on acquisition.

17 Fixed asset investments

	2021 £	2020 £
Listed investments	1,720,317	1,303,069
Unlisted investments	42,600	42,600
	<hr/>	<hr/>
	1,762,917	1,345,669
	<hr/>	<hr/>
Listed investments included above:		
Listed investments carrying amount	1,720,317	1,303,069
	<hr/>	<hr/>

Fixed asset investments revalued

Included in the value of investments are listed investments of £1,720,317 (2020 - £1,303,069). These investments comprise stock exchange listed equities valued at £319,484 (2020 - £111,835) and listed Employee Benefit Trust Bonds (EBTs) valued at £1,400,833 (2020 - £1,191,234).

During the year to 31 March 2020 further contributions to the bonds were made in the amount of £75,000. (Nil - 31 March 2021).

The original EBT was established on 1 April 2010. In relation to the assets of the EBT there are the following restrictions: (1) The Trustees shall not cause any part of the income or capital of the trust to become payable to or applicable for the benefit of an excepted person of the Company, (2) The Trustees shall not apply any part of the Trust Fund directly or indirectly towards the acquisition of any interest in the company, (3) The Trustees shall not infringe the rule against perpetuities.

Fixed asset investments not carried at market value

Included in the value of investments above are unlisted investments at cost of £42,500 which in the director's opinion reflect the fair value at 31 March 2021 and 31 March 2020.

Following the group reorganisation Reich Insurance Brokers Limited holds an investment in Reich Brokers (a dormant company from 31 March 2020) of £100. This is included in the values above.

REICH INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

17 Fixed asset investments (Continued)

Movements in fixed asset investments

	Investments £
Cost or valuation	
At 1 April 2020	1,345,669
Valuation changes	417,248
	<hr/>
At 31 March 2021	1,762,917
	<hr/>
Carrying amount	
At 31 March 2021	1,762,917
	<hr/>
At 31 March 2020	1,345,669
	<hr/>

18 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	4,913,043	4,337,534
Corporation tax recoverable	41,245	-
Amounts owed by group undertakings	2,894,484	2,426,032
Other debtors	202,470	218,010
Prepayments and accrued income	237,232	238,043
	<hr/>	<hr/>
	8,288,474	7,219,619
	<hr/>	<hr/>
Amounts falling due after more than one year:		
Other debtors	98,498	-
	<hr/>	<hr/>
Total debtors	<hr/>	<hr/>
	8,386,972	7,219,619
	<hr/>	<hr/>

REICH INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

19 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	20	-	66,912
Obligations under finance leases	21	-	1,511
Trade creditors		18,671	9,256
Amounts owed to group undertakings		100	100
Corporation tax		472,772	344,074
Other taxation and social security		183,024	152,386
Other creditors		4,922,313	6,125,549
Accruals and deferred income		217,215	203,623
		<u>5,814,095</u>	<u>6,903,411</u>

20 Loans and overdrafts

	2021 £	2020 £
Bank overdrafts	-	66,912
	<u>-</u>	<u>66,912</u>
Payable within one year	-	66,912
	<u>-</u>	<u>66,912</u>

21 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	-	1,511
	<u>-</u>	<u>1,511</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

REICH INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

22 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	9,903	18,842
Revaluations	37,653	(14,020)
	<u>47,556</u>	<u>4,822</u>
		2021 £
Movements in the year:		
Liability at 1 April 2020		4,822
Charge to profit or loss		42,734
		<u>47,556</u>
Liability at 31 March 2021		<u>47,556</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

23 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	207,004	186,168
	<u>207,004</u>	<u>186,168</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

24 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary A of £1 each	300,000	300,000	300,000	300,000
Ordinary B of £1 each	400	400	400	400
	<u>300,400</u>	<u>300,400</u>	<u>300,400</u>	<u>300,400</u>

The company issued 14,400 A ordinary £1 shares on 11 October 2019 to Reich Group Limited in consideration for the transfer of 20 A Ordinary £1 shares and 80 B Ordinary £1 shares in the share capital of Reich Brokers previously held in that proportion respectively by Calsite Company and Medal House Company.

REICH INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

25 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	38,151	2,191
Between two and five years	2,916	75,742
In over five years	1,650,000	1,815,000
	<u>1,691,067</u>	<u>1,892,933</u>

26 Events after the reporting date

There were no events after the reporting period end which require disclosure at the balance sheet date.

27 Related party transactions

At 31 March 2021 the company owed £910 to S Taylor and £12,644 to D Lopian. (At 31 March 2020 the company owed £18,543 to S Taylor and owed £699 to D Lopian.)

28 Ultimate controlling party

The ultimate parent company which owns 100% of the issued share capital is Reich Group Limited, a company incorporated in England and Wales. The registered office of Reich Group Limited is 1st floor, Cloister House, Riverside, New Bailey Street, Manchester, M3 5FS. Effective from 1 April 2019 following the group reorganisation, this company is owned 50% by Calsite Company and 50% by Medal House Company. These companies are incorporated in England and Wales and are unlimited companies. Reich Insurance Brokers Limited is ultimately owned equally by S Taylor and D Lopian.

REICH INSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

29 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	3,586,889	1,843,957
Adjustments for:		
Taxation charged	895,194	670,602
Finance costs	8,643	4,270
Investment income	(10,287)	(40,610)
Gain on disposal of tangible fixed assets	(5,371)	(2,416)
Amortisation and impairment of intangible assets	741,660	1,009,189
Depreciation and impairment of tangible fixed assets	154,281	160,928
Gain on sale of investments	-	(675)
Amounts written off investments	(200,483)	89,418
Movements in working capital:		
(Increase)/decrease in debtors	(1,126,108)	10,714,803
Decrease in creditors	(1,122,747)	(1,973,346)
Cash generated from operations	2,921,671	12,476,120

30 Analysis of changes in net funds

	1 April 2020 £	Cash flows £	31 March 2021 £
Cash at bank and in hand	6,951,476	1,565,106	8,516,582
Bank overdrafts	(66,912)	66,912	-
	6,884,564	1,632,018	8,516,582
Obligations under finance leases	(1,511)	1,511	-
	6,883,053	1,633,529	8,516,582

31 Response to Covid-19

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 only assistance sought during the period was by way of income relating to Coronavirus Job Retention Scheme as employees were furloughed shortly following the commencement of the pandemic. As at the balance sheet date there were no employees on furlough.

The directors have reviewed the position at date of signing and consider there have been no impacts of Covid-19 which require disclosure other than those already disclosed within the accounts.

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.