

BHSF SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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BHSF SERVICES LIMITED

COMPANY INFORMATION

Directors

Dr Paul Kanas
Peter J Maskell
William G Begg
Geoffrey M W Guerin
Christopher M Gunnell
Brian Hall
David K Nuttall
Michael P Sims
Charlotte M Taylor
Jill Bonehill
Ian R Galer

Secretary

Charlotte M Taylor

Company Number

3897857

Registered Office

Gamgee House
2 Darnley Road
Birmingham
B16 8TE

Auditor

BDO LLP
125 Colmore Row
Birmingham
B3 3SD

BHSF SERVICES LIMITED

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BHSF SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

Review of business

The results for 2014 for the Company are very different from those of previous years with the transfer of sales and marketing staff and associated costs from BHSE Limited from 1 May 2014. To compensate for the extra costs, BHSF Limited pays the Company a commission for selling its products and this amounted to £2.6m in 2014. This helped push turnover up to £3.2m (2013: £0.5m). Administrative expenses, however, increased to £3.0m (2013: £0.2m) mainly due to the extra staff costs. As a result the Company made an operating profit of £143.6k (2013: 131.5k).

In the prior year, the trade, assets and liabilities of Network Insurance Brokers Limited, were transferred in to the Company. During the year ended 31 December 2014, Network Insurance Brokers Limited distributed its remaining reserves by way of dividend to the Company, resulting in the carrying value of the subsidiary of £122,476 as at the prior year end being reduced to its share capital of £1,000.

The Company's profit on ordinary activities before taxation was £132.4k (2013: £42.6k). It is anticipated by the Directors that the operations of the Company will continue to grow and this has been reflected in the 2015 budget.

The board of directors has approved a change to the Company's name to BHSF Employee Benefits Limited. It is expected that this change will take place during 2015.

Risks and uncertainties

The Company's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to interest rate risks. Its policy is to finance working capital through retained earnings and to use Group borrowings and contributions to finance product development.

The Company's exposure to the price risk of financial instruments is therefore minimal. As the counterparty to most of its financial instruments is its Parent Company, it is also exposed to minimal credit and liquidity risks in respect of these instruments. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures.

The Directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

The Directors expect this market to remain very competitive for the foreseeable future but are confident that the Company will continue to generate a good margin on its business.

This report was approved by the Board on 4 March 2015 and signed on its behalf by:



Charlotte M Taylor
Company Secretary
4 March 2015

BHSF SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors submit their report and the audited financial statements for the year ended 31 December 2014.

The review of the business and the principal risks and uncertainties are not shown in the Directors' Report as they are shown in the Strategic Report in accordance with s414C(11) of the Companies Act 2006.

Dividend

The Directors do not propose a dividend for the year.

Directors

The Directors who served during the year were as follows:

Dr Paul Kanas

Peter J Maskell

William G Begg

Brian Hall

David K Nuttall

Geoffrey M W Guerin - appointed 1 February 2014

Christopher M Gunnell

Michael P Sims

Charlotte M Taylor

Nicholas A Wright - resigned 31 August 2014

Jill Bonehill - appointed 15 May 2014

Ian R Galer - appointed 1 September 2014

Political donations

The Company made no political donations.

BHSF SERVICES LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

Statement regarding information given to the auditor

So far as each of the Directors is aware at the time the report is approved:

- there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all steps that they ought to have to make themselves aware of any relevant information and to establish that the auditor is aware of the information.

This report was approved by the Board on 4 March 2015 and signed on its behalf by:



Charlotte M Taylor
Company Secretary
4 March 2015

BHSF SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

YEAR ENDED 31 DECEMBER 2014

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

BHSF SERVICES LIMITED

We have audited the financial statements of BHSF Services Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. 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 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. 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

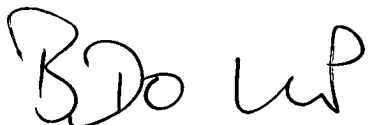
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

BHSF SERVICES LIMITED (continued)

Matters on which we are required to report by exception

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

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



**Stephen Hale (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor**

**Birmingham, UK
5 March 2015**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

BHSF SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
SALES TURNOVER	2	3,226,495	468,591
COST OF SALES		(126,691)	(160,239)
		3,099,804	308,352
Administrative expenses		(2,956,209)	(176,836)
OPERATING PROFIT	3	143,595	131,516
Amounts written off investments		(121,476)	(77,785)
Interest payable and similar charges	6	(12,000)	(12,000)
Investment income	7	122,303	834
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		132,422	42,565
Taxation	8	(12,550)	(30,238)
PROFIT FOR THE FINANCIAL YEAR		119,872	12,327

All amounts relate to continuing operations. There were no other recognised gains and losses for the year other than those included in the Profit and Loss Account.

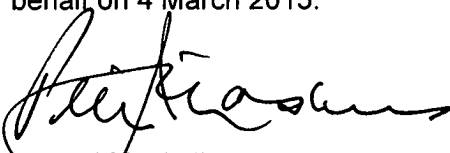
BHSF SERVICES LIMITED

BALANCE SHEET

AT 31 DECEMBER 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Tangible fixed assets	9	13,687	18,890
Investments	10	<u>1,000</u>	<u>122,476</u>
		14,687	141,366
CURRENT ASSETS			
Debtors	11	610,877	51,636
Cash at bank and in hand		<u>375,837</u>	<u>526,507</u>
		986,714	578,143
CREDITORS: Amounts falling due within one year	12	<u>(553,591)</u>	<u>(360,571)</u>
NET CURRENT ASSETS		433,123	217,572
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>447,810</u>	<u>358,938</u>
CREDITORS: Amounts falling due after more than one year	13	<u>(300,000)</u>	<u>(306,000)</u>
NET ASSETS		<u>147,810</u>	<u>52,938</u>
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Capital redemption reserve	15	22,500	22,500
Profit and loss account	16	125,210	30,338
SHAREHOLDERS' FUNDS	17	<u>147,810</u>	<u>52,938</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 4 March 2015.


Peter J Maskell
Director

BHSF SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

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

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

(b) Turnover

Turnover consists of commissions receivable on the transaction of insurance business and fees receivable on invoiced employee and employer related benefits. Fee income for annual contracts is recognised on an incremental basis over the period of the contract.

(c) Investments

Investments in subsidiary undertakings are included at cost less provision for any permanent impairment in value.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost.

Depreciation is calculated to write down the cost of tangible fixed assets by equal annual instalments over their expected useful lives. The computer and office equipment transferred in had already been fully depreciated.

The rates applicable during the year were:

Computer software	50%
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(e) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

BHSF SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 TURNOVER

Turnover all arose within the United Kingdom and may be analysed:

	2014 £	2013 £
Intermediary insurance commissions	2,952,211	182,563
Fee based services	274,284	286,028
	<u>3,226,495</u>	<u>468,591</u>

3 OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging:

	2014 £	2013 £
Depreciation	16,983	21,905
Operating lease charges	134,845	4,299
Auditor's fees:		
Fees payable in respect of the audit of the Company's accounts	5,910	4,350
Fees payable in respect of the audit of a dormant subsidiary's accounts	930	-

The Company has not disclosed amounts for non-audit remuneration as it is included in the consolidated accounts of the Parent Company. The Group accounts are required to comply with the statutory disclosure requirements.

4 Employee costs and numbers

	2014 £	2013 £
a) Employee costs:		
Wages and salaries	1,559,070	-
Social security costs	179,876	-
Pension costs	147,295	-
	<u>1,886,241</u>	<u>-</u>

The pension costs disclosed above are the costs incurred in respect of the defined contribution pension scheme available to employees of the Company.

On 1 May 2014, the sales and marketing staff of BHSF Limited and the related activity transferred to the Company. As a result of this, staff costs and turnover for the year have increased.

BHSF SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

4 Employee costs and numbers (continued)

b) The average number of employees during the year was:

	2014 Number	2013 Number
Sales and marketing	40	-
Registration, claims and helpdesk	8	-
	<u>48</u>	<u>-</u>

The average number of sales and marketing staff has increased during the year because on 1 May 2014, the sales and marketing staff of BHSF Limited transferred employment into BHSF Services Limited.

5 Directors' emoluments & benefits

	2014 £	2013 £
Directors' emoluments including benefits in kind	178,289	-
Contributions to a defined contribution scheme	<u>28,294</u>	<u>-</u>
	<u>206,583</u>	<u>-</u>
Highest paid Director Remuneration	118,988	-

The Company made contributions on behalf of Directors to the following pension schemes during the year;

	2014 Number	2013 Number
Defined contribution scheme	2	-

The remuneration and pension contributions of certain other directors were borne by other group companies. It is not possible to apportion the share of their remuneration and pension contributions attributable to this Company.

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £	2013 £
Preference dividend	<u>12,000</u>	<u>12,000</u>

BHSF SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

7 INVESTMENT INCOME

	2014	2013
	£	£
Bank interest receivable	827	834
Dividend received	121,476	-
	<u>122,303</u>	<u>834</u>

The dividend was received from Network Insurance Brokers Limited following the transfer of the trade, assets and liabilities of that Company at 31 December 2013 (see note 10).

8 TAXATION

	2014	2013
	£	£
(a) Analysis of charge in year:		
UK Corporation tax at 21% (2013: 23%):		
Current tax charge	12,708	27,898
Deferred tax (credit)/charge	(158)	2,340
Taxation charge	<u>12,550</u>	<u>30,238</u>

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is less (2013: more) than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 21% (2013: 23%). The differences are explained below:

	2014	2013
	£	£
Profit on ordinary activities before tax	<u>132,422</u>	<u>42,565</u>
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax at 21% (2013: 23%)	27,809	9,790
Effects of:		
Impairment charge not subject to corporation tax	-	17,890
Group relief claimed	(17,219)	-
Fixed assets timing differences	(137)	(1,970)
Difference between actual and standard rates	304	221
Marginal relief	(569)	(793)
Net income and expenses not allowable for tax	2,520	2,760
Current tax charge for the year	<u>12,708</u>	<u>27,898</u>

BHSF SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

8 TAXATION (continued)

(c) Deferred tax

The Company had a deferred tax asset as follows:

	2014 £	2013 £
Accelerated capital allowances	<u>2,598</u>	<u>2,440</u>

(d) The movement on the deferred tax asset is as follows:

	2014 £	2013 £
At 1 January	2,440	4,780
Credit/(charge) to profit and loss account	158	(2,340)
At 31 December	<u>2,598</u>	<u>2,440</u>

9 TANGIBLE FIXED ASSETS

Cost:

At 1 January 2014

Additions

At 31 December 2014

Depreciation:

At 1 January 2014

Charge for the year

At 31 December 2014

Net book value:

At 31 December 2014

At 31 December 2013

	Computer & office equipment	Computer software	Total £
At 1 January 2014	7,974	128,483	136,457
Additions	-	11,780	11,780
At 31 December 2014	<u>7,974</u>	<u>140,263</u>	<u>148,237</u>
At 1 January 2014	7,974	109,593	117,567
Charge for the year	-	16,983	16,983
At 31 December 2014	<u>7,974</u>	<u>126,576</u>	<u>134,550</u>
At 31 December 2014	<u>7,974</u>	<u>13,687</u>	<u>13,687</u>
At 31 December 2013	<u>7,974</u>	<u>18,890</u>	<u>18,890</u>

BHSF SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2014****10 SUBSIDIARY UNDERTAKINGS**

The Company owns 100% of the share capital of Network Insurance Brokers Limited which is incorporated in England.

Network Insurance Brokers Limited became a dormant company as at 31 December 2013.

Cost	£
Cost at 1 January 2014	480,261
Impairment	
At 1 January 2014	357,785
Charge for the year	121,476
At 31 December 2014	<u>479,261</u>
Net book value	
At 31 December 2014	<u>1,000</u>
At 31 December 2013	<u>122,476</u>

At close of business on 31 December 2013 all of the assets, liabilities and trade of Network Insurance Brokers Limited were transferred to BHSF Services Limited at net book value and the Company has not traded since that date. During the year to 31 December 2014, Network Insurance Brokers Limited distributed its residual net assets to BHSF Services, further impairing the value of the investment.

11 DEBTORS

	2014	2013
	£	£
Amounts owed by group undertakings	494,810	210
Trade debtors	88,501	46,949
Prepayments	24,968	2,037
Deferred tax (Note 8)	2,598	2,440
	<u>610,877</u>	<u>51,636</u>

12 CREDITORS: Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	63,980	-
Amounts owed to group undertakings	18,603	142,348
Corporation tax payable	12,708	31,393
Other taxation and social security	75,020	-
Other creditors	13,312	9,000
Accruals and deferred income	369,968	177,830
	<u>553,591</u>	<u>360,571</u>

BHSF SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

13 CREDITORS: Amounts falling due after more than one year

	2014	2013
	£	£
Other creditors	-	6,000
Redeemable preference shares of £1 each authorised, called up, issued and fully paid	300,000	300,000
	300,000	306,000

The preference shares rank for dividend payment at a fixed rate of 4% per annum in priority to the ordinary shareholders. In the event of a winding up the preference shares rank in priority for the repayment of capital to the ordinary shareholders. The Company has the option to redeem the shares at par value at any time after giving 14 days' notice but is obliged to redeem the shares on 31 December 2020.

14 SHARE CAPITAL

	2014	2013
	£	£
Ordinary shares of £1 each – called up, issued and fully paid	100	100

15 CAPITAL REDEMPTION RESERVE

	2014	2013
	£	£
At 1 January and 31 December 2014	22,500	22,500

16 PROFIT AND LOSS ACCOUNT

	2014	2013
	£	£
At 1 January 2014	30,338	18,011
Profit for the year	119,872	12,327
Interim dividend	(25,000)	-
At 31 December 2014	125,210	30,338

17 SHAREHOLDERS' FUNDS

	2014	2013
	£	£
At 1 January 2014	52,938	40,611
Profit/(loss) for the year	119,872	12,327
Interim dividend	(25,000)	-
At 31 December 2014	147,810	52,938

BHSF SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

18 DIVIDENDS PAID

	2014 £	2013 £
Interim dividend	25,000	-
	<u>25,000</u>	<u>-</u>

19 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The parent undertaking of the largest and smallest groups for which consolidated accounts are prepared is BHSF Group Limited. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

In the opinion of the Directors this is the Company's ultimate parent company and ultimate controlling party.

20 RELATED PARTY TRANSACTIONS

The Company is exempt under Financial Reporting Standard 8 "Related Party Transactions" from disclosing transactions with other group companies.

During the year the Company made purchases of £2,250 excluding VAT from Alphabet Place Limited. The majority shareholder of Alphabet Place Limited is the wife of Mr Brian Hall who is a Director of this Company.

No balance was due to Alphabet Place Limited at either balance sheet date.