

Registered number 04318122

## LONDON MARKET INSURANCE BROKERS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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# **LONDON MARKET INSURANCE BROKERS LIMITED**

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# **LONDON MARKET INSURANCE BROKERS LIMITED**

## **COMPANY INFORMATION**

### **DIRECTORS**

J H Cahill  
N J Cahill (resigned 1 June 2012)  
R J Odell (resigned 13 September 2012)  
R J Slaughter (resigned 23 March 2012)  
B J Thompson (resigned 21 March 2012)  
R Bickoff (appointed 20 June 2012)

### **COMPANY SECRETARY**

R J Odell

### **COMPANY NUMBER**

04318122

### **REGISTERED OFFICE**

Lower Ground Floor  
London Underwriting Centre  
3 Minster Court  
London  
EC3R 7DD

### **AUDITORS**

Littlejohn LLP  
Statutory Auditor  
1 Westferry Circus  
Canary Wharf  
London  
E14 4HD

## **LONDON MARKET INSURANCE BROKERS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

The Directors present their report and the financial statements for the year ended 31 December 2011

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is that of a Lloyd's broker

#### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

During the year the Directors implemented their plan to reduce the Company's overheads and increase its brokerage income. In this respect they were partially successful with overheads being reduced by approximately £375,000, however, gaining new business remained a challenge and the Directors revisited the strategy and it was decided to put the Company up for sale.

In March 2012 the Company sold its 2012 renewal book of insurance business to another Lloyd's insurance broker realising £138,500 and a contribution of £29,431 towards 2012 overheads. This facilitated the sale of the Company and on 1 June 2012 it was sold to Remy Bickoff, a US citizen who has relationships with a number of insurance brokers within the USA.

Going forward the directors intend to scale back the Company's administrative operations and reduce the level of overhead.

The directors are currently liaising with a number of other Lloyd's brokers to assist them in placing significant amounts of business into the London Market. This includes placing substantial amounts of business covering hotel, marine liability, life insurance, property and casualty, terrorism and surety risks.

In addition, the Company will place marine cargo business on behalf of Seaport Marine, a related company, into the London Market.

In view of this the directors believe the Company will be very successful in the future.

#### **RESULTS**

The loss for the year, after taxation, amounted to £355,800 (2010 - loss £700,758)

#### **DIRECTORS**

The Directors who served during the year were

J H Cahill  
N J Cahill  
R J Odell  
R J Slaughter  
B J Thompson

None of the directors who served during the year have any interest in the share capital of the Company.

J H Cahill and N J Cahill are both directors of the parent Company, John Cahill & Company Limited, and their interests in that Company are disclosed in its financial statements. None of the other directors who served during the year have any interest in the share capital of the group.

Following his acquisition R Bickoff was appointed as a director on 6 June 2012.

R J Slaughter, B J Thompson, N J Cahill and R J Odell resigned as directors of the Company on 23 and 21 March 2012, 1 June 2012 and 13 September 2012 respectively.

#### **SHARE CAPITAL**

**LONDON MARKET INSURANCE BROKERS LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2011**


In September 2012 the Company issued 100,000 ordinary shares of £1 each at par for cash

**INDEMNITY PROVISIONS FOR DIRECTORS**

The directors had the benefit of qualifying third party indemnity provision in force throughout the financial year and is currently in force

The auditors, Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on *December 5, 2012* and signed on its behalf



**R Bickoff**  
Director

## **LONDON MARKET INSURANCE BROKERS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011**

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

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

- select suitable accounting policies and then apply them consistently,
- make judgments and 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.

### **PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

### **AUDITORS**

The auditors, Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

## **LONDON MARKET INSURANCE BROKERS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONDON MARKET INSURANCE BROKERS LIMITED**

We have audited the financial statements of London Market Insurance Brokers Limited for the year ended 31 December 2011, set out on pages 7 to 16. 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 Auditors' 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 AUDITORS**

As explained more fully in the Statement of directors' responsibilities, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2011 and of its loss 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.

### **EMPHASIS OF MATTER**

In forming our opinion on the Financial Statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.1 to the Financial Statements concerning the Company's ability to continue as a going concern. The Company incurred a net loss of £355,800 during the year ended 31 December 2011. These conditions, along with the other matters explained in note 1.1 to the Financial Statements, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The Financial Statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

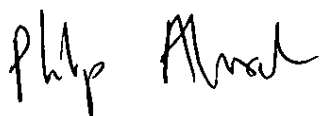
**LONDON MARKET INSURANCE BROKERS LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONDON MARKET INSURANCE  
BROKERS LIMITED**

**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



Philip Alexander (Senior statutory auditor)

for and on behalf of  
**Littlejohn LLP**

Statutory Auditor

1 Westferry Circus  
Canary Wharf  
London  
E14 4HD

14 December 2012



# **LONDON MARKET INSURANCE BROKERS LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011**

	<b>Note</b>	<b>2011 £</b>	<b>2010 £</b>
<b>TURNOVER</b>	1,2	<b>551,403</b>	<b>670,318</b>
Administrative expenses		<b>(1,023,172)</b>	<b>(1,399,430)</b>
Other operating income	4	<b>302,817</b>	<b>158,055</b>
<b>OPERATING LOSS</b>	6	<b>(168,952)</b>	<b>(571,057)</b>
Result arising on sale of book of business		<b>(188,381)</b>	<b>(185,996)</b>
Interest receivable and similar income	8	<b>1,533</b>	<b>4,174</b>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(355,800)</b>	<b>(752,879)</b>
Tax on loss on ordinary activities	9	<b>-</b>	<b>52,121</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>	15	<b>(355,800)</b>	<b>(700,758)</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

The result arising out of the sale of the book of the business is detailed in note 7

The notes on pages 9 to 16 form part of these financial statements

**LONDON MARKET INSURANCE BROKERS LIMITED**  
**REGISTERED NUMBER: 04318122**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2011**

	Note	£	2011	£	£	2010	£
<b>FIXED ASSETS</b>							
Tangible assets	10			1,754		8,450	
<b>CURRENT ASSETS</b>							
Debtors	11	2,151,230			2,146,605		
Cash at bank		225,086			423,032		
		<u>2,376,316</u>			<u>2,569,637</u>		
<b>CREDITORS</b> , amounts falling due within one year	13	(2,053,106)			(1,897,323)		
<b>NET CURRENT ASSETS</b>				323,210		672,314	
<b>NET ASSETS</b>				<u>324,964</u>		<u>680,764</u>	
<b>CAPITAL AND RESERVES</b>							
Called up share capital	14			1,000,000		1,000,000	
Profit and loss account	15			(675,036)		(319,236)	
<b>SHAREHOLDERS' FUNDS</b>	16			<u>324,964</u>		<u>680,764</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



**R Bickoff**  
 Director

The notes on pages 9 to 16 form part of these financial statements

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## **LONDON MARKET INSURANCE BROKERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **1. ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

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

##### **Going concern**

On 1 June 2012 when Mr R Bickoff acquired 100% of the issued share capital of the Company from its former owners, as part of the change of control process forecasts were prepared reflecting Mr Bickoff's intentions for the Company

The key aspect of those intentions was that substantial levels of business would be placed in the London Market through the Company on behalf of a related party

In the event this has not happened and the Company has earned very little income in the period since the Company was acquired. Expenses have continued to accrue and although the Directors have and will continue to take all measures to control these expenses, further expenses will accrue regardless of future income flows. The Directors' strategy is to commute the arrangements with its suppliers giving rise to the expenses in order to reduce the Company's cost base to a manageable level. The success or otherwise of implementing this strategy is uncertain.

One of the areas which the Company needs to address is in relation to the lease on its offices in the London Underwriting Centre. No payments have been made in respect of the lease since 24 June 2012 and John Cahill & Company Limited, as guarantor for the lease, is currently in discussions with the landlord to settle the arrears on behalf of the Company. These discussions are ongoing and although the Directors believe they will reach a satisfactory conclusion, this is currently uncertain as John Cahill & Company Limited will have to sell an investment property to finance the payment.

Should the landlord accept John Cahill & Company Limited's offer to pay the arrears, it will require that London Market Insurance Brokers Limited repays the amount it has settled on the Company's behalf. However, John Cahill & Company Limited has issued a letter to the Company informing it that it will not seek repayment of this amount until such times as the Company is generating sufficient cash flows to enable it to meet its liabilities as and when they fall due.

Going forward the Company is in the advanced stages of sub-letting the lease and the directors anticipate that there will be a new tenant from 7 January 2013. Although Heads of Terms have been exchanged, no formal contract has been signed. The lease payments included in the Heads of Terms are more favourable than those of the lease into which the Company has entered. To the extent that the landlord looks to the Company to make up the difference in the lease payments Bruce and Remy Bickhoff have agreed to personally make funds available to the Company to enable it to pay the amount without jeopardising its ability to meet its other liabilities as and when they fall due.

## **LONDON MARKET INSURANCE BROKERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **1. ACCOUNTING POLICIES (continued)**

In addition and as explained in note 17, a former employee has lodged a claim for constructive dismissal and is taking the firm to an employment tribunal. The Directors are confident that they can defend the case. Should the tribunal find in favour of the employee and in the event that the Company is unable to fund the settlement from its operating cash flows, Bruce and Remy Bickhoff have agreed to personally make funds available to the Company to enable it to meet this liability. Mr Bickhoff introduced additional share capital of £100,000 in September 2012 and also procured the sale of the Company's fixed assets to a related party which realised a profit of £185,000. These steps were taken to support the Company's cash flow requirements and to buttress its capital position.

However, the Company's future as a going concern is dependent upon substantially increasing income levels. The Directors are currently liaising with a number of other Lloyd's brokers to assist the Company in placing significant amounts of business which will enable it to meet its liabilities as and when they fall due. However, until the discussions with the Lloyd's brokers have been concluded and until substantial levels of business start to flow, there remains uncertainty as to the Company's ability to meet its cash flow requirements and continue as a going concern.

The Directors remain confident that adequate income levels can be achieved within a reasonable timeframe and accordingly believe it is appropriate for the financial statements to be prepared on a going concern basis.

#### **1.2 Cash flow**

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

#### **1.3 Turnover**

Turnover consists of brokerage income due to the Company for the period. Credit is taken for brokerage upon inception of the policy and adjustments to brokerage arising from return or additional premiums, unless material, are taken into account when they occur.

#### **1.4 Insurance broking debtors and creditors**

The Company acts as agent in broking the insurable risks of its clients and is not liable for premiums due to underwriters. Notwithstanding the legal relationship with clients and underwriters, the Company has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the Company itself.

The legal status of settling accounts on a net basis is uncertain and in the event of an insolvency is generally abandoned. FRS5 requires that offset of assets and liabilities should be recognised in financial statements where the offset would solve the insolvency of the other party. Accordingly, only such offsets have been recognised in stating insurance broking debtors and creditors.

#### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	- 25% per annum
Computer equipment	- 25% per annum

## **LONDON MARKET INSURANCE BROKERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **1 ACCOUNTING POLICIES (continued)**

##### **1.6 Operating leases**

Rentals under operating leases are charged to the Profit and Loss account on a straight line basis over the lease term

##### **1.7 Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or received) using tax rate and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the Financial Statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the Financial Statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

#### **2. TURNOVER**

Turnover consists entirely of brokerage commission earned in the United Kingdom

#### **3. EMPLOYEES**

Staff costs, including directors, consist of

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>403,107</b>	<b>383,030</b>
Social security costs	<b>49,021</b>	<b>41,807</b>
	<b>452,128</b>	<b>424,837</b>

# **LONDON MARKET INSURANCE BROKERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

The average number of employees, including directors was

	<b>2011</b>	<b>2010</b>
Production	<b>4</b>	<b>4</b>
Administration	<b>5</b>	<b>5</b>
Total	<b>9</b>	<b>9</b>

### **4. OTHER OPERATING INCOME**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Write off of intra group debt	<b>302,817</b>	<b>158,055</b>

### **5 DIRECTORS' REMUNERATION**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>154,796</b>	<b>154,052</b>

### **6. OPERATING LOSS**

The operating loss is stated after charging/(crediting)

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets		
- owned by the company	<b>6,696</b>	<b>24,762</b>
Auditors' remuneration	<b>22,008</b>	<b>15,250</b>
Auditors' remuneration - non-audit	<b>1,572</b>	<b>1,500</b>
Difference on foreign exchange	<b>(9,168)</b>	<b>10,472</b>

### **7 RESULT ARISING ON SALE OF A BOOK OF BUSINESS**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Revaluation of earnout arising on sale of book of business	<b>188,381</b>	<b>185,996</b>

On 31 December 2009, consideration of £950,000 was received for the sale of a book of business to a Lloyd's insurance broker. Legal and professional fees totalling £109,250 were incurred as a result of the sale. In addition an agreement to pay an earnout over 3 years was negotiated. At 31 December 2010 this was valued at £492,448. During 2011 this amount was reassessed giving rise to a reduction of £188,381 (2010 - £185,996).

**LONDON MARKET INSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**8 INTEREST RECEIVABLE**

	2011 £	2010 £
Bank and other interest	1,533	4,174

**9 TAXATION**

	2011 £	2010 £
<b>Analysis of tax charge/(credit) in the year</b>		
UK corporation tax charge on loss for the year	-	-
Adjustments in respect of prior periods	-	(52,121)
<b>Tax on loss on ordinary activities</b>	-	(52,121)

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2010 - *higher than*) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	2011 £	2010 £
Loss on ordinary activities before tax	(355,800)	(752,879)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	(94,287)	(210,806)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	49,921	13,360
Capital allowances for year in excess of depreciation	(837)	3,581
Adjustments to tax charge in respect of prior periods	-	(52,121)
Non-taxable income	(80,246)	-
Unrelieved tax losses arising in period	125,449	193,865
<b>Current tax charge/(credit) for the year (see note above)</b>	-	(52,121)

**Factors that may affect future tax charges**

The Company has carried forward tax losses of £1,353,560 (2010 - £1,228,111) in respect of which no deferred tax asset is shown. This is on the basis that the forecasts prepared by the directors do not show substantial taxable profits to utilise these losses. Were profits to be made then these losses would be utilised.

# LONDON MARKET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 10 TANGIBLE FIXED ASSETS

	Computer equipment £	Fixtures & fittings £	Total £
<b>Cost</b>			
At 1 January 2011	41,018	287	41,305
Disposals	(32,013)	-	(32,013)
At 31 December 2010	9,005	287	9,292
<b>Depreciation</b>			
At 1 January 2011	32,717	138	32,855
Charge for the year	6,624	72	6,696
On disposals	(32,013)	-	(32,013)
At 31 December 2011	7,328	210	7,538
<b>Net book value</b>			
At 31 December 2011	1,677	77	1,754
At 31 December 2010	8,301	149	8,450

In September 2012, the Company's fixed assets were sold to Seaport Marine, a related Company, realising a profit of £185,000

### 11. DEBTORS

	2011 £	2010 £
Trade debtors	1,835,346	1,408,098
Other debtors	18,217	157,560
Prepayments and accrued income	297,667	580,947
	<b>2,151,230</b>	<b>2,146,605</b>

### 12 CASH AT BANK AND IN HAND

Included within cash in bank and in hand is £223,214 (2010 - £415,903), which is held in bank accounts designated as non-statutory trust accounts



**LONDON MARKET INSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**13 CREDITORS**

**Amounts falling due within one year**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>1,953,348</b>	<b>1,699,948</b>
Amounts owed to group undertakings	<b>-</b>	<b>101,837</b>
Other creditors including taxation and social security	<b>17,826</b>	<b>26,494</b>
Accruals and deferred income	<b>81,932</b>	<b>69,044</b>
	<b><u>2,053,106</u></b>	<b><u>1,897,323</u></b>

**14. SHARE CAPITAL**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
1,000,000 Ordinary shares shares of £1 each	<b><u>1,000,000</u></b>	<b><u>1,000,000</u></b>

In September 2012 the Company issued 100,000 ordinary shares of £1 each at par for cash

**15 RESERVES**

	<b>Profit and loss account £</b>
At 1 January 2011	<b>(319,236)</b>
Loss for the year	<b>(355,800)</b>
	<b><u>(675,036)</u></b>
At 31 December 2011	

**16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Opening shareholders' funds	<b>680,764</b>	<b>1,381,522</b>
Loss for the year	<b>(355,800)</b>	<b>(700,758)</b>
	<b><u>324,964</u></b>	<b><u>680,764</u></b>
Closing shareholders' funds		

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**17 CONTINGENT LIABILITIES**

In October 2012 a former employee informed the firm that he had lodged a claim for constructive dismissal and is claiming compensation. The Directors are disputing the claim and have been informed by their legal advisors they have a strong defence.

**17 OPERATING LEASE COMMITMENTS**

At 31 December 2011 the Company had annual commitments under non-cancellable operating leases as follows

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expiry date:</b>				
Between 2 and 5 years	<b>115,088</b>	<b>115,088</b>	<b>6,751</b>	<b>6,751</b>

**18. RELATED PARTY TRANSACTIONS**

At 31 December 2011 the Company was a wholly owned subsidiary of John Cahill & Company Limited and in preparing these financial statements the Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with John Cahill & Company Limited or other wholly owned subsidiaries within the Group.

Mr J H Cahill and Mr N J Cahill, directors of the Company, are directors of Marine Cargo Underwriters Limited. During the period the Company transacted business on behalf of Marine Cargo Underwriters Limited which generated commissions totalling £60,738. The commissions earned are included as turnover within Marine Cargo Underwriters Limited financial statements. As at 31 December 2011 the total amount outstanding between the companies was £nil (2010 - £nil).

In September 2012 the Company sold its fixed assets to a related party company for a profit of £185,000.

**19. POST BALANCE SHEET EVENTS**

On 19 March 2012 the Company sold its 2012 renewal book of insurance business to another Lloyd's insurance broker realising £138,500 and a contribution of £29,431 towards 2012 overheads. This facilitated the sale of the Company.

On 1 June 2012 John Cahill & Company Limited sold its investment in London Market Insurance Brokers Limited to Mr R Bickoff. On the same date the Company's assets and liabilities were transferred to John Cahill & Company Limited, with the surplus assets being paid by way of a capital distribution.

**19. ULTIMATE PARENT UNDERTAKING**

At 31 December 2011 John Cahill & Company Limited owned 100% of the Company's issued share capital and the directors consider John Cahill & Company Limited to be its ultimate parent undertaking.

At 31 December 2011 Mr J H Cahill, was chairman, was the ultimate controlling party by virtue of his controlling interest in the issued share capital of John Cahill & Company Limited, at this time.

Following the sale of its shares in London Market Insurance Brokers Limited to Mr R Bickoff on 1 June 2012, Mr J H Cahill is no longer the ultimate controlling party. Mr R Bickoff by virtue of the fact that he owns 100% of the Company's issued share capital is now considered to be the ultimate controlling party.

