

## BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED

### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009



# Ryecroft Glenton

INCORPORATING RAINBOW GILLESPIE

Chartered Accountants

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**BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS** J Hart (appointed 6 August 2008)  
D J A Jones (appointed 6 August 2008)  
R W Brewis (appointed 6 August 2008)

**COMPANY SECRETARY** J Hart

**COMPANY NUMBER** 06665655

**REGISTERED OFFICE** 32 Portland Terrace  
Newcastle upon Tyne  
Jesmond  
Tyne and Wear  
NE2 1QP

**AUDITORS** Ryecroft Glenton  
Registered Auditors  
32 Portland Terrace  
Newcastle upon Tyne  
NE2 1QP

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**BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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The following pages do not form part of the statutory financial statements

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## **BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**

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The directors present their report and the financial statements for the year ended 30 June 2009

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the group is that of insurance brokers.

#### **BUSINESS REVIEW**

The company was incorporated on 6 August 2008 and on 4 December 2008 it acquired the entire issued share capital of the newly incorporated Bishop Skinner Client Services Limited for cash consideration.

On 29 January 2009 the company acquired the entire issued share capital of Bishop Skinner Insurance Brokers Limited via a share for share exchange as part of a group reconstruction.

The results for the year and the financial position at the year end were considered satisfactory by the Directors.

The group's key performance indicators for the year were turnover, profit for the year and staff costs.

Despite the economy being in recession, the group's trading held up well, with turnover for the year ended 30 June 2009 at £2.3m as against £2.5m for the previous year. A profit on disposal of the group's freehold land and buildings during the year under review of £567k resulted in an overall profit before taxation for the year of £617k compared to a loss of £36k last year. Staff costs for the year fell by 8.2% to £1.762m. Mostly this fall was due to a reduction in pension contributions.

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## **BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**

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#### **PRINCIPAL RISKS AND UNCERTAINTIES**

##### **Legislative risks**

The group is governed by a wide range of legislation, including FSA Regulations

The group takes great care to keep up to date with all new legislation and regulations to ensure that it can maintain its position within the industry

##### **Financial risks**

The group's main area of risk is liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting financial obligations

The group aims to mitigate liquidity risk by ensuring it reviews its cash management on a regular basis

##### **Competitive risks**

With the UK economy struggling to recover from recession an improvement in the group's trading conditions in the current financial period is considered unlikely

The directors believe that as the group runs a specialised business, this should put it in a strong position to capitalise as the economy recovers

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £589,566 (2008 - loss £38,852)

An interim ordinary dividend was paid amounting to £20,000. The directors do not recommend payment of a final dividend

#### **DIRECTORS**

The directors who served during the year and their interests in the group's issued share capital were

	<b>Ordinary shares of £1 each</b>	
	<b>30/6/09</b>	<b>1/7/08</b>
J Hart (appointed 6 August 2008)	<b>3,000</b>	-
D J A Jones (appointed 6 August 2008)	<b>2,000</b>	-
R W Brewis (appointed 6 August 2008)	<b>5,000</b>	-

#### **FUTURE DEVELOPMENTS**

The directors aim to continue with the current strategy of developing the group's insurance brokerage business

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## **BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**

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#### **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 and the group'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 and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

#### **AUDITORS**

Under section 487(2) of the Companies Act 2006, Ryecroft Glenton will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board and signed on its behalf



**D J A Jones**  
Director

Date 29 March 2010

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## **BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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We have audited the group and parent company financial statements (the "financial statements") of Bishop Skinner Insurance Brokers Holdings Limited for the year ended 30 June 2009, set out on pages 6 to 26. 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 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 group's and the parent 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.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2009 and of the group's 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BISHOP SKINNER INSURANCE  
BROKERS HOLDINGS LIMITED**

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**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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Grahame Maughan (Senior statutory auditor)

for and on behalf of  
**RYECROFT GLENTON**

Chartered Accountants and Statutory Auditors

32 Portland Terrace  
Newcastle upon Tyne  
NE2 1QP

29 March 2010



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**BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2009**

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	Note	2009 £	2008 £
<b>TURNOVER</b>	1,2	<b>2,304,617</b>	<b>2,502,909</b>
Administrative expenses		<b>(2,276,152)</b>	<b>(2,581,005)</b>
Profit on sale of property		<b>566,998</b>	<b>-</b>
Total administrative expenses		<b>(1,709,154)</b>	<b>(2,581,005)</b>
Other operating income	3	<b>12,075</b>	<b>12,100</b>
<b>OPERATING PROFIT/(LOSS)</b>	4	<b>607,538</b>	<b>(65,996)</b>
Interest receivable		<b>25,075</b>	<b>59,624</b>
Interest payable	8	<b>(15,738)</b>	<b>(29,649)</b>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>616,875</b>	<b>(36,021)</b>
Tax on profit/(loss) on ordinary activities	9	<b>(27,309)</b>	<b>(2,831)</b>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	17	<b>589,566</b>	<b>(38,852)</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 other than those included in the Profit and loss Account

The notes on pages 11 to 26 form part of these financial statements

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**BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 30 JUNE 2009**

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	2009 £	2008 £
<b>REPORTED PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>616,875</b>	<b>(36,021)</b>
Realisation of valuation gains of previous periods	497,360	-
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	-	6,296
<b>HISTORICAL COST PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>1,114,235</b>	<b>(29,725)</b>
<b>HISTORICAL PROFIT/(LOSS) FOR THE YEAR AFTER TAXATION</b>	<b>1,066,926</b>	<b>(62,556)</b>

The notes on pages 11 to 26 form part of these financial statements

**BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**  
**REGISTERED NUMBER: 06665655**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2009**

	Note	£	2009 £	£	2008 £
<b>FIXED ASSETS</b>					
Intangible fixed assets	10		261,292		313,550
Tangible fixed assets	11		43,360		1,244,849
Fixed asset investments	12		5,401		12,900
			<u>310,053</u>		<u>1,571,299</u>
<b>CURRENT ASSETS</b>					
Debtors amounts falling due after more than one year	13	1,435,225		-	
Debtors amounts falling due within one year	13	1,907,443		1,982,563	
Cash at bank and in hand		1,074,365		1,110,523	
		<u>4,417,033</u>		<u>3,093,086</u>	
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(3,104,446)</u>		<u>(3,292,856)</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>1,312,587</u>		<u>(199,770)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,622,640</u>		<u>1,371,529</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15		<u>(222,864)</u>		<u>(541,319)</u>
<b>NET ASSETS</b>			<u><u>1,399,776</u></u>		<u><u>830,210</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		10,000		10,000
Revaluation reserve	17		-		497,360
Profit and loss account	17		1,389,776		322,850
<b>SHAREHOLDERS' FUNDS</b>	18		<u><u>1,399,776</u></u>		<u><u>830,210</u></u>

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



**D J A Jones**  
Director

Date 29 March 2010

The notes on pages 11 to 26 form part of these financial statements

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**BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**  
**REGISTERED NUMBER: 06665655**

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**COMPANY BALANCE SHEET**  
**AS AT 30 JUNE 2009**

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	<b>Note</b>	<b>2009 £</b>	<b>2008 £</b>
<b>FIXED ASSETS</b>			
Fixed asset investments	12	10,001	10,000
<b>CREDITORS: amounts falling due within one year</b>	14	<b>(1)</b>	-
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>10,000</b>	<b>10,000</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	10,000	10,000
<b>SHAREHOLDERS' FUNDS</b>	18	<b>10,000</b>	<b>10,000</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by on 29 March 2010



**D J A Jones**  
Director

The notes on pages 11 to 26 form part of these financial statements

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**BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

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	<b>Note</b>	<b>2009 £</b>	<b>2008 £</b>
Net cash flow from operating activities	20	(860,860)	45,094
Returns on investments and servicing of finance	21	9,337	29,975
Taxation		(2,841)	-
Capital expenditure and financial investment	21	1,190,307	(213,894)
Acquisitions and disposals	21	(1)	-
Equity dividends paid		(20,000)	30,000
<b>CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>		<b>315,942</b>	<b>(108,825)</b>
Financing	21	(342,322)	102,442
<b>DECREASE IN CASH IN THE YEAR</b>		<b>(26,380)</b>	<b>(6,383)</b>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 30 JUNE 2009**

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	<b>2009 £</b>	<b>2008 £</b>
Decrease in cash in the year	(26,380)	(6,383)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	342,322	(106,442)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>315,942</b>	<b>(112,825)</b>
Net funds at 1 July 2008	398,664	511,489
<b>NET FUNDS AT 30 JUNE 2009</b>	<b>714,606</b>	<b>398,664</b>

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The notes on pages 11 to 26 form part of these financial statements

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## **BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

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

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

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards

##### **1.2 Basis of consolidation**

The group financial statements consolidate the results of the company and its material subsidiary undertakings as at 30 June 2009

The company was incorporated on 6 August 2008 and on 29 January 2009 it acquired the entire issued share capital of Bishop Skinner Insurance Brokers Limited via a share for share exchange as part of a group reconstruction. Merger accounting has been used to consolidate the results of Bishop Skinner Insurance Brokers Limited, in accordance with the provisions of FRS 6 "Acquisitions and Mergers". In accordance with the provisions, the comparatives in the consolidated profit and loss account include the results of Bishop Skinner Insurance Brokers Limited for the year ended 30 June 2008, while the comparatives in the consolidated balance sheet include the position of Bishop Skinner Insurance Brokers Limited as at 30 June 2008

On 4 December 2008 Bishop Skinner Insurance Brokers Holdings Limited acquired the entire issued share capital of the newly incorporated Bishop Skinner Client Services Limited for cash consideration. Bishop Skinner Client Services Limited, which is a wholly owned subsidiary as at 30 June 2009, has been excluded from consolidation on the basis that its inclusion is not material for the purpose of giving a true and fair view

##### **1.3 Turnover**

It is impracticable to devise accounting policies which consistently match revenues from brokerage with the related expenses. Accordingly, the following bases are adopted

###### **a Turnover**

Turnover represents brokerage and fees which are mainly taken to credit when debit notes are issued, irrespective of the inception date or period of insurance, with the principal exception of life and pensions brokerage and other commissions which are credited when received

Alterations in brokerage arising from return and additional premiums and adjustments are taken into account as and when these occur

###### **b Expenses**

Costs are written off as incurred

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Intangible fixed assets and amortisation**

Intangible fixed assets relate wholly to purchased goodwill. Amounts representing goodwill are only included to the extent that the goodwill was acquired for valuable consideration.

Purchased goodwill is eliminated by amortisation through the profit and loss account over its useful economic life, on a straight line basis.

The useful economic life of purchased goodwill is, in the opinion of the directors, seven years from the end of the year of purchase.

**1.5 Tangible fixed assets and depreciation**

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

Land and buildings	-	Freehold land - nil/Buildings 2.5% straight line basis
Plant & machinery	-	25% reducing balance and 25% on a straight line basis
Motor vehicles	-	25% on a reducing balance basis
Furniture, fittings and equipment	-	15% on a reducing balance basis

**1.6 Revaluation of tangible fixed assets**

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the Consolidated profit and loss account.

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account.

**1.7 Investments**

Fixed asset investments are stated at cost less provision for impairment.

**1.8 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Costs in respect of operating leases are charged on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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**1. ACCOUNTING POLICIES (continued)**

**1.9 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are discounted

**1.10 Pensions**

The group operates several defined contribution pension schemes for the benefit of its employees. The assets of the schemes are held separately from those of the group in independently administered pension funds. Contributions payable are charged to the profit and loss account in the year to which they relate.



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## BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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#### 1 ACCOUNTING POLICIES (continued)

##### 1.11 Insurance debtors and creditors

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities. This recognises that the insurance broker is entitled to retain the investment income on any cashflows arising from these transactions.

Debtors and creditors arising from a transaction between client and insurers (eg a premium or a claim) are recorded simultaneously. Consequently, there is a high level of correlation between the totals reported in respect of insurance broking debtors and insurance broking creditors.

The position of the insurance broker as agent means that generally the credit risk is borne by the principals. There can be circumstances where the insurance broker acquires credit risk - through statute, or through the act or omission of the insurance broker or of one of the principals. There is much legal uncertainty surrounding the circumstances and the extent of such exposures and consequently they cannot be evaluated. However, the total of insurance broking debtors appearing in the balance sheet is not an indication of credit risk.

It is normal practice for insurance brokers to settle accounts with other intermediaries, clients, insurers and market settlement bureaux on a net basis. Thus, large changes in both insurance broking debtors and creditors can result from comparatively small cash settlements. For this reason, the totals of insurance broking debtors and creditors give no indication of future cashflow.

The legal status of this practice of net settlement is uncertain and in the event of an insolvency it is generally abandoned. Financial Reporting Standard 5 "Reporting The Substance Of Transactions" requires that offsets of assets and liabilities should be recognised in financial statements where, and only where, the offset would survive the insolvency of the other party. Accordingly, only such offsets have been recognised in calculating insurance broking debtors and creditors.

#### 2. TURNOVER

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

#### 3 OTHER OPERATING INCOME

	2009	2008
	£	£
Net rents receivable	12,000	12,000
Sundry income	75	100
	<u>12,075</u>	<u>12,100</u>

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**BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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**4. OPERATING PROFIT/(LOSS)**

The operating profit/(loss) is stated after charging

	2009 £	2008 £
Amortisation - intangible fixed assets	52,258	52,258
Depreciation of tangible fixed assets - owned by the group	14,771	37,315
Profit on sale of freehold land and buildings	(566,998)	-

**5. AUDITORS' REMUNERATION**

	2009 £	2008 £
Fees payable to the company's auditor for the audit of the company's annual accounts	17,500	16,275

**6. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	2009 £	2008 £
Wages and salaries	1,501,993	1,563,978
Social security costs	155,501	163,711
Other pension costs	104,748	223,361
	1,762,242	1,951,050

The average monthly number of employees, including the directors, during the year was as follows

	2009 No	2008 No
Management	7	6
Administration and sales	46	48
	53	54

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**BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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**7. DIRECTORS' REMUNERATION**

	2009 £	2008 £
Emoluments	<u>332,197</u>	<u>398,791</u>
Group pension contributions to money purchase pension schemes	<u>60,000</u>	<u>180,000</u>

During the year retirement benefits were accruing to 3 directors (2008 - 3) in respect of money purchase pension schemes

The highest paid director received remuneration of £128,718 (2008 - £160,476)

The value of the group's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £20,000 (2008 - £60,000)

**8 INTEREST PAYABLE**

	2009 £	2008 £
On bank loans and overdrafts	15,663	29,348
On finance leases and hire purchase contracts	75	301
	<u>15,738</u>	<u>29,649</u>

**9. TAXATION**

	2009 £	2008 £
UK corporation tax charge on profit/loss for the year	<u>27,309</u>	<u>2,831</u>

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**BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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**9. TAXATION (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2008 - lower than) the standard rate of corporation tax in the UK. The differences are explained below

	2009 £	2008 £
Profit/loss on ordinary activities before tax	<u>616,875</u>	<u>(36,021)</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.55% (2008 - 20.25%)	163,780	(7,294)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	12,846	10,807
Capital allowances for year in excess of depreciation	(148,910)	(682)
Adjustments to tax charge in respect of prior periods	(407)	-
<b>Current tax charge for the year (see note above)</b>	<u>27,309</u>	<u>2,831</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges

**10. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>Group</b>	
<b>Cost</b>	
At 1 July 2008 and 30 June 2009	<u>686,913</u>
<b>Amortisation</b>	
At 1 July 2008	373,363
Charge for the year	52,258
At 30 June 2009	<u>425,621</u>
<b>Net book value</b>	
At 30 June 2009	<u>261,292</u>
At 30 June 2008	<u>313,550</u>

# BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 11. TANGIBLE FIXED ASSETS

Group	Land and buildings £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>					
At 1 July 2008	1,198,537	159,168	28,610	70,708	1,457,023
Additions	-	395	-	-	395
Disposals	(1,198,537)	-	(12,995)	-	(1,211,532)
At 30 June 2009	-	159,563	15,615	70,708	245,886
<b>Depreciation</b>					
At 1 July 2008	15,535	128,065	16,231	52,343	212,174
Charge for the year	-	9,948	2,068	2,755	14,771
On disposals	(15,535)	-	(8,884)	-	(24,419)
At 30 June 2009	-	138,013	9,415	55,098	202,526
<b>Net book value</b>					
At 30 June 2009	-	21,550	6,200	15,610	43,360
At 30 June 2008	1,183,002	31,103	12,379	18,365	1,244,849

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

Group	2009 £	2008 £
Motor vehicles	-	8,266

Included in land and buildings brought forward is freehold land at valuation of £577,170 (2008 - £577,170), (cost £325,341 (2008 - £325,341)), which has not been depreciated

Certain of the freehold land and buildings brought forward were revalued at 30 June 2004 by George F White, Chartered Surveyors and Sanderson Wetherall, Chartered Surveyors

The remainder of freehold land and buildings brought forward were purchased in 2006, 2007 and 2008 and are included at cost

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

Group	2009 £	2008 £
Cost	-	694,881
Accumulated depreciation	-	(9,239)
Net book value	-	685,642

# BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Sub total carried forward £
<b>Group</b>		
<b>Cost or valuation</b>		
At 1 July 2008	-	-
Additions	1	1
At 30 June 2009	1	1
	Sub total brought forward £	Trade investment s £
<b>Group</b>		Total £
<b>Cost or valuation</b>		
At 1 July 2008	-	12,900
Additions	1	-
Disposals	-	(7,500)
At 30 June 2009	1	5,400

#### Subsidiary undertakings

The following subsidiary undertaking of the group has been excluded from consolidation on the basis that inclusion is not material for the purposes of giving a true and fair view

Name	Class of shares	Holding
Bishop Skinner Client Services Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 30 June 2009 and of the profit or loss for the period ended on that date for the subsidiary undertaking was as follows

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Bishop Skinner Client Services Limited	(1,692)	(1,693)

Company	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 July 2008	10,000
Additions	1
At 30 June 2009	10,001

# BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 13. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2009	2008	2009	2008
	£	£	£	£
<b>Due after more than one year</b>				
Other debtors	1,435,225	-	-	-
	<u>1,435,225</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>Group</u>		<u>Company</u>	
	2009	2008	2009	2008
	£	£	£	£
<b>Due within one year</b>				
Trade debtors	1,863,469	1,882,431	-	-
Amounts owed by group undertakings	725	-	-	-
Other debtors	14,619	53,744	-	-
Prepayments and accrued income	28,630	46,388	-	-
	<u>1,907,443</u>	<u>1,982,563</u>	<u>-</u>	<u>-</u>

### 14. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	136,895	201,473	-	-
Net obligations under finance leases and hire purchase contracts	-	667	-	-
Trade creditors	2,410,976	2,360,958	-	-
Corporation tax	27,299	2,831	-	-
Social security and other taxes	68,859	80,906	-	-
Other creditors	374,297	396,415	1	-
Accruals and deferred income	86,120	249,606	-	-
	<u>3,104,446</u>	<u>3,292,856</u>	<u>1</u>	<u>-</u>

The bank loans and overdraft are secured by fixed and floating charges over the group's assets

All hire purchase contracts and finance lease obligations are secured on the assets financed

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**BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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**15. CREDITORS:  
Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	<b>222,864</b>	<b>509,719</b>	-	-
Other creditors	-	<b>31,600</b>	-	-
	<b>222,864</b>	<b>541,319</b>	-	-

Included within the above are amounts falling due as follows

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Between one and two years</b>				
Bank loans	<b>39,000</b>	<b>93,800</b>	-	-
<b>Between two and five years</b>				
Bank loans	<b>183,864</b>	<b>218,114</b>	-	-
<b>Over five years</b>				
Bank loans	-	<b>197,805</b>	-	-

Creditors include amounts not wholly repayable within 5 years as follows

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Repayable by instalments	-	<b>197,805</b>	-	-

The bank loan of £140,000 is not repayable until expiry of three years and one days written notice given to the borrower, and is not interest bearing

The bank loan of £121,864 is repayable over a period of less than five years, interest is charged 1 2% over the bank's sterling base rate

The bank loans are secured by fixed and floating charges over the group's assets



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**BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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**16. SHARE CAPITAL**

	2009 £	2008 £
<b>Allotted, called up and fully paid</b>		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

During the period 10,000 ordinary shares of £1 were allotted and fully paid at par

**17. RESERVES**

	Revaluation reserve £	Profit and loss account £
<b>Group</b>		
At 1 July 2008	497,360	322,850
Profit for the year		589,566
Dividends Equity capital		(20,000)
Transfer between Revaluation reserve and P/L account	(497,360)	497,360
At 30 June 2009	<u>-</u>	<u>1,389,776</u>
<b>Company</b>		
Profit for the year		20,000
Dividends Equity capital		(20,000)
At 30 June 2009		<u>-</u>

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**BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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

<b>Group</b>	<b>2009 £</b>	<b>2008 £</b>
Opening shareholders' funds	830,210	899,162
Profit/(loss) for the year	589,566	(38,852)
Dividends (Note 19)	(20,000)	(30,000)
Shares issued during the year	-	(100)
	<hr/>	<hr/>
Closing shareholders' funds	1,399,776	830,210
	<hr/>	<hr/>

<b>Company</b>	<b>2009 £</b>	<b>2008 £</b>
Opening shareholders' funds	10,000	-
Profit/(loss) for the year	20,000	30,000
Dividends (Note 19)	(20,000)	(30,000)
Shares issued during the year	-	10,000
	<hr/>	<hr/>
Closing shareholders' funds	10,000	10,000
	<hr/>	<hr/>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss Account

The profit/(loss) for the year dealt with in the accounts of the company was £20,000 (2008 - £30,000)

**19 DIVIDENDS**

	<b>2009 £</b>	<b>2008 £</b>
Dividends paid on equity capital	20,000	30,000
	<hr/>	<hr/>

**20 NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2009 £</b>	<b>2008 £</b>
Operating profit/(loss)	607,538	(65,996)
Amortisation of intangible fixed assets	52,258	52,258
Depreciation of tangible fixed assets	14,771	42,026
Loss on disposal of tangible fixed assets	3,911	4,711
Increase in debtors	(1,359,380)	(464,171)
Increase in amounts owed by group undertakings	(725)	-
(Decrease)/increase in creditors	(179,233)	476,266
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(860,860)	45,094
	<hr/>	<hr/>

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**BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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**21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2009 £	2008 £
<b>Returns on investments and servicing of finance</b>		
Interest received	25,075	59,624
Interest paid	(15,663)	(29,348)
Hire purchase interest	(75)	(301)
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>9,337</b>	<b>29,975</b>
	2009 £	2008 £
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	-	(206,075)
Purchase of tangible fixed assets	(395)	(30,319)
Sale of tangible fixed assets	1,183,202	22,500
Sale of trade investments	7,500	-
<b>Net cash inflow/(outflow) from capital expenditure</b>	<b>1,190,307</b>	<b>(213,894)</b>
	2009 £	2008 £
<b>Acquisitions and disposals</b>		
Purchase of fixed asset investments	(1)	-
	2009 £	2008 £
<b>Financing</b>		
New secured loans	-	106,442
Repayment of loans	(341,655)	-
Repayment of finance leases	(667)	-
Repayment of finance leases	-	(4,000)
<b>Net cash (outflow)/inflow from financing</b>	<b>(342,322)</b>	<b>102,442</b>

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**BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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**22. ANALYSIS OF CHANGES IN NET DEBT**

	1 July 2008 £	Cash flow £	Other non-cash changes £	30 June 2009 £
Cash at bank and in hand	1,110,523	(36,158)	-	1,074,365
Bank overdraft	(107,673)	9,778	-	(97,895)
	<u>1,002,850</u>	<u>(26,380)</u>	<u>-</u>	<u>976,470</u>
<b>Debt:</b>				
Debts due within one year	(94,467)	342,322	(286,855)	(39,000)
Debts falling due after more than one year	(509,719)	-	286,855	(222,864)
	<u>(604,186)</u>	<u>342,322</u>	<u>(286,855)</u>	<u>(262,864)</u>
<b>Net funds</b>	<u><u>398,664</u></u>	<u><u>315,942</u></u>	<u><u>-</u></u>	<u><u>714,606</u></u>

**23. PENSION COMMITMENTS**

The group operates several defined contribution (money purchase) pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the fund and amounted to £104,748 (2008 - £223,361). Contributions totalling £6,122 (2008 - £6,294) were payable to the funds at the year end and are included in creditors.

**24. TRANSACTIONS WITH DIRECTORS**

Included within other debtors due within one year is a loan to D J A Jones, a director, amounting to £NIL (2008 - £48,000) the maximum amount outstanding during the year was £48,000.

The loan was repaid in full on 18 July 2008.

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## BISHOP SKINNER INSURANCE BROKERS HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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#### 25. RELATED PARTY TRANSACTIONS

During the year the group paid administrative expenses of £725 (2008 - £NIL) on behalf of Bishop Skinner Client Services Limited, a subsidiary of the company which is not consolidated

Included within other debtors due within one year is £725 (2008 - £NIL) due from Bishop Skinner Client Services Limited

During the year to 30 June 2009 the group made the following charges to BS Financial Services Limited, commissions of £21,357 (2008 - £22,311), rental of office space and equipment of £12,000 (2008 - £12,000)

As at 30 June 2009 a balance of £5,284 (2008 - £7,851) was due from BS Financial Services Limited

BS Financial Services Limited is a former subsidiary of Bishop Skinner Insurance Brokers Limited, which was disposed of before Bishop Skinner Insurance Brokers Holdings Limited acquired Bishop Skinner Insurance Brokers Limited

During the year, before Bishop Skinner Insurance Brokers Holdings Limited acquired Bishop Skinner Insurance Brokers Limited a reorganisation took place and Bishop Skinner Insurance Brokers Limited transferred its 75% investment in BS Financial Services Limited for £7,500 to BS Financial Services Holdings Limited, and its freehold property at an agreed valuation of £1,750,000 along with £314,775 outstanding on the bank loan used to purchase the property to Clothco 08002 Limited. Clothco 08002 and BS Financial Services Holdings Limited are owned and controlled by the directors of Bishop Skinner Insurance Brokers Holdings Limited

Subsequently Clothco 08002 Limited transferred these assets and liabilities to other companies controlled/owned by the directors

Included within other debtors due after more than one year is £1,185,225 (2008 - £NIL) due from Bishop Skinner Properties Limited, a company owned by the directors

Included within other debtors due after more than one year is £250,000 (2008 - £NIL) due from Clothco 09001 Limited, a company owned by the directors

Included within other debtors due within one year is £7,500 (2008 - £NIL) due from BS Financial Services Holdings Limited, a company owned by the directors

#### 26. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Bishop Skinner Insurance Brokers Limited	England and Wales	100	Ordinary £1
Bishop Skinner Client Services Limited	England and Wales	100	Ordinary £1