

Real Stone

E I S FINANCIAL SERVICES LIMITED

Registered number SC 122216

Directors' Report and Financial Statements

For the year ended 31 May 2008

WEDNESDAY



SRL164R6

SCT

12/11/2008

286

COMPANIES HOUSE

E I S FINANCIAL SERVICES LIMITED

Financial Statements

For the year ended 31 May 2008

Contents	Page
Company Information	1
Directors' Report	2
Independent Auditors' Report	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Financial Statements	8

E I S FINANCIAL SERVICES LIMITED

Company Information

Directors

S A Grant
C M MacKenzie
D J Mackie
A K Munro

Secretary

C M MacKenzie

Registered office

6 Clairmont Gardens
Glasgow
G3 7LW

Registered number

SC 122216

Auditors

Scott Moncrieff
Chartered Accountants
Registered Auditor
25 Bothwell Street
Glasgow
G2 6NL

E I S FINANCIAL SERVICES LIMITED

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 May 2008

Principal activity

The principal activity of the company in the year under review was that of insurance agents for members of the Educational Institute of Scotland and their families

Review of business

The net profit after providing for taxation amounted to £72,595

The company can be split into two divisions, the first one offering a full IFA service throughout Scotland to a niche market (EIS members and their families) The improvement in the performance of this division (turnover of £443k in 2007/08 compared with £435k in 2006/07) is largely due to increased awareness amongst EIS members of the services offered following a targeted marketing campaign which is planned to continue for the foreseeable future

The second division, the General Insurance Division, provides discounted car, house and travel insurance, again in a niche market and this helps to maintain a higher than industry average renewal retention The performance of this division was similar in 2007/08 to that achieved in 2006/07 and whilst it is recognised that attracting new business in a fiercely competitive market is difficult it is hoped that increased awareness of the services offered will help to address this problem

Key performance indicators

KPIs are monitored monthly for both divisions to ensure all sales are carried out correctly from a compliance point of view and any problems identified are rectified immediately and remedial training is carried out as and when required

Principal risks and uncertainties

The principal risks affecting the continuing growth of the company include the economic conditions and the highly competitive market in which EIS Financial Services Ltd operates in Whilst it is recognised that attracting new business in a fiercely competitive market is difficult it is hoped that increased awareness of the services offered will help address the problem

Dividends

Dividends of £50k were paid during the year (2007 £nil) The directors have approved a final dividend of £54,446 for the year ended 31 May 2008

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 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

E I S FINANCIAL SERVICES LIMITED

Report of the Directors

For the year ended 31 May 2008

Disclosure of information to auditors

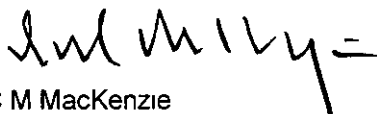
As far as each of the directors at the time the report is approved are aware

- a) there is no relevant information of which the company's auditors are unaware and
- b) the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information

Auditors

A resolution to re appoint Scott Moncreiff, Chartered Accountants, as auditors will be put to members at the annual general meeting

By order of the board



C M MacKenzie
Secretary

2/10/08

E I S FINANCIAL SERVICES LIMITED

Independent auditors' report to the shareholders of E I S Financial Services Limited

We have audited the financial statements of E I S Financial Services Limited for the year ended 31 May 2008 set out on pages 5 to 14. These financial statements have been prepared under the accounting policies set out on page 8.

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2008 and of its profit for the year then ended and
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the directors' report is consistent with the financial statements



Scott Moncrieff
Chartered Accountants
Registered Auditors
25 Bothwell Street
Glasgow
G2 6NL

21/3/08

E I S FINANCIAL SERVICES LIMITED

Profit and Loss Account

For the year ended 31 May 2008

	Note	2008 £	2007 £
Turnover	2	611,431	613,404
Administrative expenses		531,482	542,716
Operating profit	3	79,949	70,688
Investment income		11,504	9,238
Profit on ordinary activities before taxation		91,453	79,926
Taxation	6	18,858	13,483
Profit on ordinary activities after taxation		72,595	66,443

None of the company's activities were acquired or discontinued during the above two years

There were no recognised gains and losses for the above two years other than those included in the profit and loss account

The notes on pages 8 to 14 form part of these financial statements

E I S FINANCIAL SERVICES LIMITED

Balance Sheet

At 31 May 2008

	Note	£	2008 £	£	2007 £
Fixed assets					
Tangible assets	8		7,917		9,047
Current assets					
Debtors	9	37,985		26,007	
Cash at bank and in hand	10	257,394		233,601	
			<u>295,379</u>	<u>259,608</u>	
Creditors amounts falling due within one year	11	(99,626)		(87,335)	
Net current assets			195,753		172,273
Total assets less current liabilities			<u>203,670</u>		<u>181,320</u>
Provisions for liabilities	12		(226)		(471)
Net assets			<u><u>203,444</u></u>		<u><u>180,849</u></u>
Capital and reserves equity					
Called up share capital	13		50,000		50,000
Profit and loss account	14		153,444		130,849
Shareholders' funds	15		<u><u>203,444</u></u>		<u><u>180,849</u></u>

The financial statements were authorised for issue by the board of directors on 21/05/08 and approved on their behalf by

S A Grant
Director



C M MacKenzie
Director



The notes on pages 8 to 14 form part of these financial statements

E I S FINANCIAL SERVICES LIMITED

Cash Flow Statement

For the year ended 31 May 2008

Reconciliation of operating profit to operating cash flow

	£	2008 £	£	2007 £
Operating profit		79,949		70,688
Depreciation		4,482		3,850
Change in debtors		(11,978)		1,199
Change in creditors		5,759		11,207
Operating cash flow		<u>78,212</u>		<u>86,944</u>

Cash flow statement

Operating cash flow	78,212	86,944
---------------------	--------	--------

Returns on investment and servicing of finance

Interest received	11,488	9,222
Dividends received	<u>16</u>	<u>16</u>
Net cash flow from returns on investment and servicing of finance	11,504	9,238
Taxation	(12,571)	(174)

Capital expenditure and financial investment

Purchase of tangible fixed assets	<u>(3,352)</u>	<u>(6,814)</u>
Net cash flow from capital expenditure and financial investment	(3,352)	(6,814)
Equity dividends paid	(50,000)	
Net cash flow for the year	<u>23,793</u>	<u>89,194</u>

The notes on pages 8 to 14 form part of these financial statements

E I S FINANCIAL SERVICES LIMITED

Notes to the Financial Statements

For the year ended 31 May 2008

1 Accounting policies

Basis of accounting

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

Turnover

Turnover represents commission and fees earned in the year

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life

Fixtures and fittings 10% 33 33% on cost

Deferred taxation

Deferred taxation is provided for at anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods that differ from those in which they are included in the financial statements

Pension costs

The company operates money purchase (defined contribution) pension schemes Contributions payable to these schemes are charged to the profit and loss account in the period to which they relate These contributions are invested separately from the company's assets

Recognition of income

Brokerage commission is recognised in the profit and loss account in respect of all premiums relating to policies commenced or renewed within the financial year Commission on life assurance policies is recognised on the same monthly basis as such commission is identified by the insurance companies as being earned

2 Segmental information

The turnover of the company can be analysed between the following segments

	2008	2007
	£	£
Commission life and pension	443,668	435,109
Commission general	158,051	166,712
Commission other	10,000	10,000
Instalment charges and discounts	(288)	1,583
	<u>611,431</u>	<u>613,404</u>

The turnover and profit before taxation are attributable to the one principal activity of the company

E I S FINANCIAL SERVICES LIMITED

Notes to the Financial Statements

For the year ended 31 May 2008

3 Operating profit

	2008	2007
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	4,482	3,850
Auditors' remuneration audit	5,720	5,700
Auditors' remuneration other	3,561	3,420
	<u> </u>	<u> </u>

4 Directors' remuneration

	2008	2007
	£	£
Directors' emoluments	79,961	76,534
Pension costs	9,605	9,230
	<u>89,566</u>	<u>85,764</u>

One director is a member of a defined contribution pension scheme

5 Staff costs and numbers

Staff costs were as follows

	2008	2007
	£	£
Wages and salaries	116,058	127,318
Consultants' basic salaries	90,914	90,914
Consultants' commission payments	107,196	98,992
Social security costs	33,324	32,132
Pension costs	16,211	19,011
	<u>363,703</u>	<u>368,367</u>

The average monthly number of employees was 9 (2007 10) All staff were employed in office and management

E I S FINANCIAL SERVICES LIMITED

Notes to the Financial Statements

For the year ended 31 May 2008

6 Taxation

	2008	2007
	£	£
UK corporation tax current year	19,103	12,571
Deferred taxation	(245)	912
	<u>18,858</u>	<u>13,483</u>

The taxation charge is higher (2007 lower) than the standard rate of taxation in the UK of 20%. The differences are explained below

	2008	2007
	£	£
Profit on ordinary activities before tax	<u>91,453</u>	<u>79,926</u>
Profit on ordinary activities at standard rate of tax 20% (2007 19%)	18,291	15,320
Expenses not deductible for tax purposes	420	231
Capital allowances in excess of depreciation	392	(125)
Utilisation of tax losses	<u>19,103</u>	<u>(2,855)</u>
	<u>19,103</u>	<u>12,571</u>

7 Pension costs

The pension cost charge for the year amounted to £16,211 (2007 £19,011)

E I S FINANCIAL SERVICES LIMITED

Notes to the Financial Statements

For the year ended 31 May 2008

8 Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 June 2007	50,747
Additions	<u>3,352</u>
At 31 May 2008	<u>54,099</u>
Depreciation	
At 1 June 2007	41,700
Charge for the year	<u>4,482</u>
At 31 May 2008	<u>46,182</u>
Net book value	
At 31 May 2008	<u><u>7,917</u></u>
At 31 May 2007	<u><u>9,047</u></u>

9 Debtors

	2008 £	2007 £
Trade debtors	22,018	17,500
Other debtors	2,718	4,808
Prepayments and accrued income	<u>13,249</u>	<u>3,699</u>
	<u><u>37,985</u></u>	<u><u>26,007</u></u>

10 Cash at bank and in hand

	2008 £	2007 £
Bank accounts Clients	37,348	26,798
Bank accounts General	219,299	206,234
Cash	<u>747</u>	<u>569</u>
	<u><u>257,394</u></u>	<u><u>233,601</u></u>

E I S FINANCIAL SERVICES LIMITED

Notes to the Financial Statements

For the year ended 31 May 2008

11 Creditors' amounts falling due within one year

	2008 £	2007 £
Trade creditors	29,072	27,776
Corporation tax	19,103	12,571
Other taxation and social security	7,352	8,624
Accruals and deferred income	44,099	38,364
	<u>99,626</u>	<u>87,335</u>

12 Provisions for liabilities and charges

Total provisions for liabilities

	2008 £	2007 £
Deferred tax	<u>226</u>	<u>471</u>

Deferred tax provided in the accounts comprises

	2008 £	2007 £
Accelerated capital allowances	<u>(226)</u>	<u>(471)</u>

The movement in the deferred tax provision during the year was as follows

	£
At 1 June 2007	471
Movement in the year	<u>(245)</u>
At 31 May 2008	<u>226</u>

13 Share capital

	2008 £	2007 £
Authorised		
Equity		
50,000 "A" Ordinary Shares of £1 each	50,000	50,000
50,000 "B" Ordinary shares of £1 each	50,000	50,000
	<u>100,000</u>	<u>100,000</u>

	2008 £	2007 £
Allotted, called up and fully paid		
Equity		
25,000 "A" Ordinary Shares of £1 each	25,000	25,000
25,000 "B" Ordinary shares of £1 each	25,000	25,000
	<u>50,000</u>	<u>50,000</u>

E I S FINANCIAL SERVICES LIMITED

Notes to the Financial Statements

For the year ended 31 May 2008

14 Reserves

	Profit and loss account £
At 1 June 2007	130,849
Transfer for the year	72,595
Dividends	(50,000)
At 31 May 2008	<u>153,444</u>

15 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	72,595	66,443
Dividends	50,000	
Net increase in shareholders' funds	<u>22,595</u>	<u>66,443</u>
Opening shareholders' funds	180,849	114,406
Closing shareholders' funds	<u>203,444</u>	<u>180,849</u>

16 Reconciliation of net cash flow to movement in net cash

	2008 £	2007 £
Change in cash in the year	23,793	89,194
Cash inflow from financing		
Repayment of debt financing		
Movement in net cash in the period	<u>23,793</u>	<u>89,194</u>
Net cash brought forward	233,601	144,407
Net cash carried forward	<u>257,394</u>	<u>233,601</u>

17 Analysis of changes in net cash

	Brought forward £	Cash flow £	Other changes £	Carried forward £
Cash	<u>233,601</u>	<u>23,793</u>	<u></u>	<u>257,394</u>

E I S FINANCIAL SERVICES LIMITED

Notes to the Financial Statements

For the year ended 31 May 2008

18 Operating lease commitments

The company has commitments under operating leases for the next year for leases expiring as follows

	Land & buildings £	2008 Other leases £	Land & buildings £	2007 Other leases £
Within one year		4,167		1,982
Between two and five years		5,903		
	<u> </u>	<u>10,070</u>	<u> </u>	<u>1,982</u>

19 Contingent liabilities

Life insurance commission from some insurance companies is received on indemnity terms. Provision has been made in these financial statements for commission repaid subsequent to the year end but no provision has been made for possible liabilities which may arise in the future to repay commission earned up to 31 May 2008.

20 Related parties

The Educational Institute of Scotland was a related party during the year.

The Educational Institute of Scotland is entitled to commission based on the net profit before tax of the company. The Educational Institute of Scotland was entitled to commission of £18,608 this year (2007 £16,263). At the year end there was a balance of £18,608 due to The Educational Institute of Scotland (2007 £16,263).

21 Control

The ultimate controlling party is The Educational Institute of Scotland.

E I S FINANCIAL SERVICES LIMITED

Detailed Profit and Loss Account

For the year ended 31 May 2008

	£	2008 £	£	2007 £
Turnover				
Commission life and pension		443,668		435,109
Commission general		158,051		166,712
Commission other		10,000		10,000
Instalment charges and discounts		(288)		1,583
Total turnover		611,431		613,404
Administrative expenses		(531,482)		(542,716)
		<hr/>		<hr/>
Operating profit		79,949		70,688
Other income and expenses				
Interest receivable				
Bank interest	11,488		9,222	
Dividends receivable	<u>16</u>		<u>16</u>	
		11,504		9,238
		<hr/>		<hr/>
Net profit for the year		<u>91,453</u>		<u>79,926</u>

E I S FINANCIAL SERVICES LIMITED

Detailed Profit and Loss Account

For the year ended 31 May 2008

	2008	2007
	£	£
Administrative expenses		
Wages and salaries	363,703	368,367
Other staff costs	172	3,941
Rent, rates and insurance	36,254	34,393
Light and heat	3,850	5,667
Repairs and maintenance	406	974
EIS profit share	18,608	16,263
Postage, stationery and advertising	15,148	18,701
Telephone	6,343	6,108
Computer running costs	18,560	19,588
Motor and travel	29,169	28,702
Entertaining	1,120	624
Legal and professional	17,936	18,508
Audit, accountancy and taxation fees	9,281	9,120
Bank and credit card charges	2,446	2,572
Sundry expenses	3,298	4,739
Donations and subscriptions	706	599
Depreciation	4,482	3,850
	<u>531,482</u>	<u>542,716</u>