

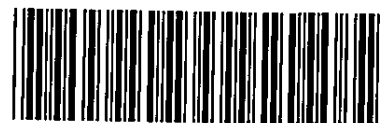
EIS FINANCIAL SERVICES LIMITED

Company registration number SC122216

Financial Statements

For the year ended 31 May 2012

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EIS FINANCIAL SERVICES LIMITED

Financial statements for the year ended 31 May 2012

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EIS FINANCIAL SERVICES LIMITED

Directors, officers and advisers

Directors

S A Grant
C M MacKenzie
A K Munro
P J Flanagan

Secretary and registered office

C M MacKenzie
6 Clairmont Gardens
Glasgow
Scotland
G3 7LW

Registered number

SC122216

Auditors

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

EIS FINANCIAL SERVICES LIMITED

Directors' report for the year ended 31 May 2012

The directors present their report and the financial statements of the company for the year ended 31 May 2012.

Review of the business

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.

Turnover has increased during the year by 7 per cent to £856,133. The directors consider the profit on ordinary activities before taxation to be satisfactory in the light of difficult trading conditions.

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. 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.

Results and dividends

The results for the year are shown on the profit and loss account on page 6. The profit for the year after taxation was £118,586.

Dividends of £89,543 were paid during the year (2011: £36,924).

Directors

The directors who served during the year were:

S A Grant
C M MacKenzie
D J Mackie (resigned 8 June 2012)
A K Munro
P J Flanagan (appointed 13 June 2012)

EIS FINANCIAL SERVICES LIMITED

Directors' report for the year ended 31 May 2012 (continued)

Directors' responsibilities statement

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 judgements 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.

Disclosure of information to auditors

To the knowledge and belief of each of the persons who are directors at the time the report is approved:

- So far as the directors are aware, there is no relevant information of which the company's auditors are unaware, and
- Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information, and to establish that the company's auditors are aware of the information.

Auditors

A resolution to reappoint Scott-Moncrieff as auditors of the company will be proposed at the forthcoming annual general meeting.

Signed on behalf of the board



C M MacKenzie
Secretary

Approved by the Board on 27 September 2012.

EIS FINANCIAL SERVICES LIMITED

Independent auditors' report to the members of EIS Financial Services Limited

We have audited the financial statements of EIS Financial Services Limited for the year ended 31 May 2012 which comprise the profit and loss account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 Directors' Responsibilities Statement set out on page 3, 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 Practice's Board's (APB'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 May 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

EIS FINANCIAL SERVICES LIMITED

Independent auditors' report to the members of EIS Financial Services Limited (continued)

Matters on which we are required to report by exception

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

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



Iain D Lee (Senior Statutory Auditor)
for and on behalf of Scott-Moncrieff, Statutory Auditor
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

27 September 2012

EIS FINANCIAL SERVICES LIMITED

Profit and loss account for the year ended 31 May 2012

	<u>Notes</u>	<u>2012</u> £	<u>2011</u> £
Turnover	2	856,133	797,343
Administrative expenses		<u>(709,926)</u>	<u>(646,674)</u>
Operating profit	3	146,207	150,669
Investment income		<u>2,445</u>	<u>625</u>
Profit on ordinary activities before taxation		148,652	151,294
Taxation on profit on ordinary activities	6	<u>(30,066)</u>	<u>(31,903)</u>
Profit for the financial year	13	<u><u>118,586</u></u>	<u><u>119,391</u></u>

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

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

The notes on pages 9 to 14 form part of these financial statements.

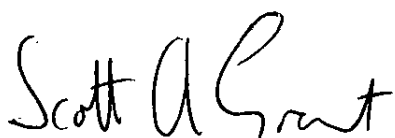
EIS FINANCIAL SERVICES LIMITED

Balance sheet at 31 May 2012

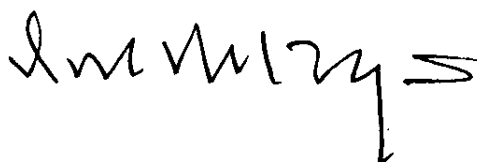
	<u>Notes</u>	<u>2012</u> £	<u>2011</u> £
Fixed assets			
Tangible assets	8	3,849	5,103
Current assets			
Debtors	9	18,956	20,652
Cash at bank and in hand		<u>415,606</u>	<u>387,552</u>
		434,562	408,204
Creditors: amounts falling due within one year	10	<u>(117,356)</u>	<u>(121,180)</u>
Net current assets		<u>317,206</u>	<u>287,024</u>
Total assets less current liabilities		321,055	292,127
Provision for liabilities	11	(214)	(329)
Net assets		<u>320,841</u>	<u>291,798</u>
Capital and reserves			
Called up share capital	12	50,000	50,000
Profit and loss account	13	<u>270,841</u>	<u>241,798</u>
Shareholders' funds	15	<u>320,841</u>	<u>291,798</u>

The financial statements were authorised for issue by the board of directors on 27 September 2012 and signed on its behalf by:

S A Grant
Director



C M MacKenzie
Director



Company Registration No: SC122216

The notes on pages 9 to 14 form part of these financial statements.

EIS FINANCIAL SERVICES LIMITED

Cash flow statement for the year ended 31 May 2012

	<u>Notes</u>	<u>2012</u> £	<u>2011</u> £
Operating activities			
Net cash flow from operating activities	16a	147,662	180,798
Returns on investments and servicing of finance			
Interest and similar income received		2,445	625
Dividends paid		<u>(89,543)</u>	<u>(36,924)</u>
Net cash flow from returns on investments and servicing of finance		(87,098)	(36,299)
Taxation			
Corporation tax paid		(31,617)	(13,715)
Capital expenditure			
Payments to acquire tangible fixed assets		<u>(893)</u>	<u>(3,207)</u>
Net cash flow from investing activities		(893)	(3,207)
Increase in cash	16b	<u>28,054</u>	<u>127,577</u>

The notes on pages 9 to 14 form part of these financial statements.

EIS FINANCIAL SERVICES LIMITED

Notes to the financial statements for the year ended 31 May 2012

1 Accounting policies

Going concern

The company has net assets of £320,841, no borrowing or other debt and has a solid base of existing customers. As a consequence the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with applicable accounting standards.

Turnover

Turnover represents commission and fees earned in the year.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost less estimated residual value of each asset over its estimated useful life. The principal rates in use are:

Fixtures and fittings	10% - 33.33% on cost
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Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, 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 on a nondiscounted basis, 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.

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.

EIS FINANCIAL SERVICES LIMITED

Notes to the financial statements for the year ended 31 May 2012 (continued)

2 Turnover

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

	<u>2012</u> £	<u>2011</u> £
Turnover analysed by segments:		
Commission - life and pension	737,637	673,540
Commission - general	113,288	113,681
Commission - other	5,000	10,000
Instalment charges and discounts	208	122
	<u>856,133</u>	<u>797,343</u>

3 Operating profit

This is stated after charging:

	<u>2012</u> £	<u>2011</u> £
Depreciation of owned assets	2,147	2,631
Auditors' remuneration - Audit fee	6,500	6,250
Auditors' remuneration - fees for non audit services	4,702	4,075

4 Employee information

	<u>2012</u> £	<u>2011</u> £
Staff costs:		
Wages and salaries	143,701	137,908
Consultants' basic salaries	102,042	92,342
Consultants' commission payments	182,431	171,615
Social security costs	51,699	46,357
Other pension costs	17,947	17,134
	<u>497,820</u>	<u>465,356</u>

The average number of persons employed during the year, including executive directors, was made up as follows:

	<u>2012</u> Number	<u>2011</u> Number
Office and management	9	9

5 Director's emoluments

	<u>2012</u> £	<u>2011</u> £
Emoluments	96,649	95,582
Director's pension costs	10,832	10,465
	<u>107,481</u>	<u>106,047</u>

One director is a member of a defined contribution pension scheme.

EIS FINANCIAL SERVICES LIMITED

Notes to the financial statements for the year ended 31 May 2012 (continued)

6 Taxation on profit on ordinary activities

	<u>2012</u> £	<u>2011</u> £
United Kingdom corporation tax at 20% (2010: 20.8%)	30,181	31,617
Deferred taxation (note 11)	(115)	286
	<u>30,066</u>	<u>31,903</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2010: 20.8%)	29,730	31,519
Effects of:		
Expenses not deductible for tax purposes	336	399
Capital allowances in excess of depreciation	115	(301)
Current tax charge for the year	<u>30,181</u>	<u>31,617</u>

7 Pension costs

The pension cost charge for the year amounted to £17,947 (2011: £17,134).

8 Tangible fixed assets

	<u>Fixtures and fittings</u> £
Cost	
At 1 June 2011	51,336
Additions	893
At 31 May 2012	<u>52,229</u>
Depreciation	
At 1 June 2011	46,233
Provision for the year	2,147
At 31 May 2012	<u>48,380</u>
Net book value	
At 31 May 2012	<u>3,849</u>
At 31 May 2011	<u>5,103</u>

9 Debtors

	<u>2012</u> £	<u>2011</u> £
Trade debtors	3,258	5,158
Other debtors	14,293	14,089
Prepayments and accrued income	1,405	1,405
	<u>18,956</u>	<u>20,652</u>

EIS FINANCIAL SERVICES LIMITED

Notes to the financial statements for the year ended 31 May 2012 (continued)

10 Creditors: amounts falling due within one year

	<u>2012</u> £	<u>2011</u> £
Trade creditors	5,840	9,151
Corporation tax	30,181	31,617
Other tax and social security	12,446	15,275
Accruals and deferred income	68,889	65,137
	<u>117,356</u>	<u>121,180</u>

11 Provisions for liabilities

	<u>2012</u> £	<u>2011</u> £
Deferred tax brought forward	329	43
Deferred tax movement in the year	(115)	286
Undiscounted provision for deferred tax	<u>214</u>	<u>329</u>
Provision at start of year	329	
Deferred tax charge in profit and loss account for year (note 6)	(115)	
Provision at end of year	<u>214</u>	

12 Called-up share capital

	<u>2012</u> £	<u>2011</u> £
Allotted, called up and fully paid		
Equity shares:		
"A" Ordinary Shares of £1 each	25,000	25,000
"B" Ordinary Shares of £1 each	25,000	25,000
	<u>50,000</u>	<u>50,000</u>

13 Reserves

	Profit and loss account £
At 1 June 2011	241,798
Profit for the year	118,586
Dividends paid (note 14)	(89,543)
At 31 May 2012	<u>270,841</u>

14 Dividends

	<u>2012</u> £	<u>2011</u> £
On equity shares:		
A dividend in respect of the year ended 31 May 2012 of 179.09p (2011 73.85p) per all ordinary shares	<u>89,543</u>	<u>36,924</u>

EIS FINANCIAL SERVICES LIMITED

Notes to the financial statements for the year ended 31 May 2012 (continued)

15 Reconciliation of movement in shareholders' funds

	<u>2012</u> £	<u>2011</u> £
Profit for the year	118,586	119,391
Dividends	(89,543)	(36,924)
Net addition to shareholders' funds	29,043	82,467
Shareholders' funds at 1 June 2011	<u>291,798</u>	<u>209,331</u>
Shareholders' funds at 31 May 2012	<u>320,841</u>	<u>291,798</u>

16 Notes to the cash flow statement

a) Reconciliation of operating profit to net cash flow operating activities

	<u>2012</u> £	<u>2011</u> £
Operating profit	146,207	150,669
Depreciation charges	2,147	2,631
Decrease/(increase) in debtors	1,696	(6,323)
(Decrease)/increase in creditors	(2,388)	33,821
Net cash inflow from operating activities	<u>147,662</u>	<u>180,798</u>

b) Analysis of change in net funds

	<u>Brought forward</u>	<u>Cash flows</u>	<u>Other changes</u>	<u>Carried forward</u>
Cash at bank and in hand	<u>387,552</u>	<u>28,054</u>	<u>-</u>	<u>415,606</u>

c) Reconciliation of net cash flow to movement in net funds

	<u>2012</u> £	<u>2011</u> £
Net increase in cash	28,054	127,577
Net funds at 1 June 2011	<u>387,552</u>	<u>259,975</u>
Net funds 31 May 2012	<u>415,606</u>	<u>387,552</u>

17 Leasing commitments

Operating leases

The company's annual commitments for rental payments under non-cancellable operating leases at 31 May 2012 were as set out below:

	<u>2012</u> <u>Other</u> £	<u>2011</u> <u>Other</u> £
Operating leases which expire: Within two to five years	<u>4,141</u>	<u>4,141</u>

18 Contingent liabilities

Life assurance 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 2012.

EIS FINANCIAL SERVICES LIMITED

Notes to the financial statements for the year ended 31 May 2012 (continued)

19 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 received a dividend of £67,157 during the year and is entitled to commission of £30,288 this year (2011: £30,784). At the year end there was a balance of £30,288 due to the Educational Institute of Scotland (2011: £30,784).

20 Controlling party

The ultimate controlling party is The Educational Institute of Scotland.