

Registrar's Copy

**Academy Insurance Services
Limited**

Report and Financial Statements

Year Ended

30 June 2013

Company Number 3041967



Academy Insurance Services Limited

Report and financial statements
for the year ended 30 June 2013

Contents

Page

1	Report of the directors
3	Independent auditor's report
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

D M Bard
K R Munn

Secretary and registered office

V Farrelly, Unit 11, Horseshoe Park, Horseshoe Road, Pangbourne, RG8 7JW

Company number

3041967

Auditors

BDO LLP, Kings Wharf, 20-30 Kings Road, Reading, Berkshire, RG1 3EX

Academy Insurance Services Limited

Report of the directors for the year ended 30 June 2013

The directors present their report, together with the audited financial statements, for the year ended 30 June 2013

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year

The directors do not recommend the payment of a dividend for the year (2012 - £Nil)

Principal activities, trading review and future developments

The principal activity of the company is that of an insurance broker for general and personal insurances. It operates in and sells policies throughout the UK (excluding Northern Ireland). During the period under review there were no changes to the activities of the company nor are there any plans to change the company's activities in the future.

Due to the continuing general poor economic climate the company finished the 2013 financial year with a small reduction in turnover to £8,286,138. The profit and loss account shows that the actions taken by the directors to keep control of the overheads and maintain profit margins continues to be successful with a profit on ordinary activities before amortisation of goodwill and HMRC settlement of £1,868,642. The balance sheet is in a net liability position of £567,148, which is a result of the HM Revenue and Customs challenge made in the year with regards to previous incentive arrangements. A liability of £3,388,066 has been recognised in the financial statements as the directors' formal offer to settle the matter. However, it is noted that the directors disagree with the challenge made but have agreed to settle in order to conclude on the matter.

As a result of the economic downturn the company has reviewed and actively reduced its cost base. The directors believe this action will ensure that the company is able to improve margins going forward and is well placed to take advantage of any upturn in market conditions.

The directors consider turnover, gross margins, cash inflows, cash balances and the level of working capital to be the key performance indicators for the business. All of these are disclosed within the financial statements and the directors continue to be pleased with how the company is performing in relation to these KPI's in a difficult marketplace.

Overall the directors are satisfied with the progress the company has made over the year and look forward to continued successful trading in the future.

Principal risks and uncertainties

The domestic insurance market is still in turmoil with further insurer consolidations and even exits continuing. Despite underwriting capacity being squeezed premium increases are now no longer being carried and these reductions will continue for the foreseeable future. Our average income per policy is likely to fall. The internet aggregator sites are still strong in the market despite coming under pressure from the carriers who have seen unacceptable losses in some part caused by consumer fraud. It is in Academy's long term interest to pay more attention to the aggregators and join in where appropriate.

Traditional off the page advertising remains ineffective and a larger proportion of our marketing budget is being directed towards internet search engines and localised advertising. Pressure on our renewal retention and acquisition costs continues but again has been offset by higher income per policy.

Charitable and political donations

During the year the company made charitable contributions of £1,925 (2012 - £3,508). There were no political contributions.

Academy Insurance Services Limited

Report of the directors for the year ended 30 June 2013 (continued)

Directors

The directors of the company during the year were as follows

D M Bard
K R Munn

At 30 June 2013, third party indemnity provision for the benefit of the company's directors was in force

Statement of directors' responsibilities

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

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

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

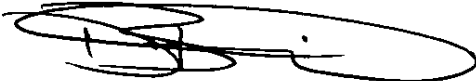
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the next annual general meeting.

On behalf of the Board



D M Bard
Director

Date 28 March 2014

Academy Insurance Services Limited

Independent auditor's report

TO THE MEMBERS OF ACADEMY INSURANCE SERVICES LIMITED

We have audited the financial statements of Academy Insurance Services Limited for the year ended 30 June 2013 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2013 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.

Opinion on other matters 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.

Academy Insurance Services Limited

Independent auditor's report (*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

BDO LLP

Christopher Pooles (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Reading
United Kingdom

Date *28 MARCH 2014*

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

Academy Insurance Services Limited

Profit and loss account for the year ended 30 June 2013

	Note	2013 £	2012 £
Turnover	2	8,286,138	8,547,698
Administrative expenses		9,417,381	8,389,222
Operating profit before amortisation of goodwill and exceptional item		1,868,642	297,218
Amortisation of goodwill		167,597	138,742
Exceptional item	5	2,832,288	-
Operating (loss)/profit	6	(1,131,243)	158,476
Interest receivable		28,648	30,322
Interest payable	7	(565,845)	(33,536)
(Loss)/profit on ordinary activities before taxation		(1,668,440)	155,262
Taxation on (loss)/profit from ordinary activities	8	205,547	(81,152)
(Loss)/profit on ordinary activities after taxation	17	(1,462,893)	74,110

All amounts relate to continuing activities

There are no recognised gains or losses other than those reported in the profit and loss account

The notes on pages 7 to 15 form part of these financial statements

Academy Insurance Services Limited

Balance sheet at 30 June 2013

<i>Company number 3041967</i>	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Intangible assets	9		170,939		259,792
Tangible assets	10		445,366		387,938
			616,305		647,730
Current assets					
Debtors	11	4,298,498		3,448,273	
Cash at bank	12	1,755,985		1,287,349	
			6,054,483	4,735,622	
Creditors' amounts falling due within one year	13	(7,237,936)		(4,487,607)	
			(1,183,453)		248,015
			(567,148)		895,745
Capital and reserves					
Called up share capital	15		260,000		260,000
Profit and loss account	17		(877,148)		585,745
Capital contribution	17		50,000		50,000
			(567,148)		895,745
Shareholder's (deficit)/funds	18		(567,148)		895,745

The financial statements were approved by the Board and authorised for issue on **28 MARCH 2014**


D M Bard
Director

The notes on pages 7 to 15 form part of these financial statements

Academy Insurance Services Limited

Notes forming part of the financial statements for the year ended 30 June 2013

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents commissions and fees earned from customers, which are recognised when the company has performed its obligations.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by The Unbeatable Group Limited and the company is included in its consolidated financial statements which are publically available.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets over their expected useful lives. It is calculated on a straight line basis at the following rates:

Computer equipment	-	20% per annum
Fixtures and fittings	-	20% per annum
Motor vehicles	-	20% - 33% per annum

Goodwill

Purchased goodwill is amortised over 2-3 years, following acquisition.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. The recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

Academy Insurance Services Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

1 Accounting policies (continued)

Assets and liabilities relating to insurance transactions

The company acts as an agent in placing the insurance business of its clients and generally the company is not liable as principal for amounts arising from such transactions. The company is entitled to retain any investment income arising from the cash flows attributable to these transactions and has therefore included debtors, creditors and cash balances relating to insurance transactions within the assets and liabilities of the company.

Employee Benefit Trust

An Employee Benefit Trust ("EBT") arrangement exists for the benefit of the directors and staff of the Company. Payments in connection with the EBT are charged to the profit and loss account in the period for which the benefits accrue to the individual employees and directors.

In accordance with UITF Abstract 32, Employee Benefit Trusts and Other Intermediate Payment Arrangements, the company includes the assets and liabilities of the EBT on its balance sheet where it retains a future economic benefit from the assets of the EBT or has control of the rights or other access to those future economic benefits.

2 Turnover

All turnover is derived from commissions and fees earned from insurance policies sold wholly within the United Kingdom.

3 Employees

	2013 £	2012 £
Staff costs (including directors) consist of		
Wages and salaries	5,841,479	2,744,886
Incentivisation payment	-	1,800,000
Social security costs	298,233	351,371
Pension costs	37,496	38,632
	<u>6,177,208</u>	<u>4,934,889</u>

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

	Number	Number
Sales and administration	<u>115</u>	<u>108</u>

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2013 (continued)

4 Directors' emoluments	2013 £	2012 £
Directors' emoluments consist of		
Fees and remuneration for management services	78,250	121,981
Emoluments of Highest paid director	44,034	65,024
5 Exceptional item		
<p>As disclosed in the 2012 financial statements the company has entered into a number of arrangements to incentivise employees over the years HM Revenue & Customs have made enquiries into these arrangements and have formally challenged one such arrangement. The directors are in disagreement with the challenge but have proposed a without prejudice settlement of £3,388,066, including interest of £555,778 (see note 7) to HM Revenue & Customs in order to conclude the matter. The directors are of the opinion that the company has complied in full with the relevant tax legislation in respect of these arrangements.</p>		
6 Operating (loss)/profit	2013 £	2012 £
This is arrived at after charging		
Depreciation	165,106	203,671
Amortisation of goodwill	167,597	138,742
Auditors' remuneration		
- audit services	27,000	27,000
- services relating to taxation	5,800	5,200
- all other services	3,000	3,000
Operating lease rentals - land and buildings	260,862	267,810
Profit on disposal of fixed assets	(5,902)	-
7 Interest payable	2013 £	2012 £
Interest on other loans	10,067	33,536
Other interest	555,778	-
	565,845	33,536

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2013 *(continued)*

8 Taxation on profit from ordinary activities	2013 £	2012 £
<i>Current tax</i>		
UK corporation tax on (loss)/profit of the year	38,471	95,010
Adjustments in respect of prior periods	(279,991)	(8,011)
	(241,520)	86,999
<i>Deferred tax</i>		
Origination and reversal of timing differences	33,796	(6,319)
Effect of tax rate change on opening balance	1,452	472
Adjustments in respect of prior periods	725	-
	(205,547)	81,152

The tax assessed for the year is calculated at a rate that is different to the standard rate of corporation tax in the UK. The differences are explained below

	2013 £	2012 £
(Loss)/profit on ordinary activities before tax	(1,670,412)	155,262
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 23.75% (2012 – 25.50%)	(396,734)	39,592
<i>Effects of</i>		
Expenses not deductible for tax purposes	817,889	46,339
Depreciation for period in excess of capital allowances	-	14,006
Capital allowances in excess of depreciation	(34,899)	-
Adjustments in respect of prior periods	(279,991)	(8,011)
Marginal relief	(5,304)	(4,927)
Adjustment to tax losses	(342,481)	-
	(241,520)	86,999

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2013 (*continued*)

9 Intangible assets	Goodwill £
<i>Cost</i>	
At 1 July 2012	2,631,480
Additions	78,744
	2,710,224
At 30 June 2013	2,710,224
 <i>Amortisation</i>	
At 1 July 2012	2,371,688
Provided for the year	167,597
	2,539,285
At 30 June 2013	2,539,285
 <i>Net book value</i>	
At 30 June 2013	170,939
At 30 June 2012	259,792

The above goodwill relates to acquisitions of books of insurance policies and/or businesses from third parties

10 Tangible assets	Motor vehicles £	Computer equipment £	Fixtures and fittings £	Total £
<i>Cost</i>				
At 1 July 2012	266,994	441,087	576,859	1,284,940
Additions	65,533	122,675	62,354	250,562
Disposals	(159,034)	-	(29,101)	(188,135)
	173,493	563,762	610,112	1,347,367
At 30 June 2013	173,493	563,762	610,112	1,347,367
 <i>Depreciation</i>				
At 1 July 2012	165,090	298,468	433,444	897,002
Provided for the year	40,214	64,451	60,441	165,106
Disposals	(131,007)	-	(29,100)	(160,107)
	74,297	362,919	464,785	902,001
At 30 June 2013	74,297	362,919	464,785	902,001
 <i>Net book value</i>				
At 30 June 2013	99,196	200,843	145,327	445,366
At 30 June 2012	101,904	142,619	143,415	387,938

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2013 (continued)

11 Debtors	2013 £	2012 £
Insurance transaction debtors	2,379,827	1,847,946
Amount owed by parent undertaking	911,674	863,674
Other debtors	174,121	83,497
Prepayments and accrued income	595,476	634,313
Deferred tax asset (note 14)	-	18,843
Corporation tax	237,400	-
	4,298,498	3,448,273

All amounts shown under debtors fall due for payment within one year

12 Cash at bank

Cash at bank at the year end includes insurance premiums due on behalf of customers placed in a separate clients' account amounting to £Nil (2012 - £644,085) In the current year due to timing differences there is a shortfall of £364,927 (2012 - £Nil)

13 Creditors, amounts falling due within one year

	2013 £	2012 £
Insurance transaction creditors	2,014,900	2,492,031
Trade creditors	139,886	204,844
Corporation tax	-	91,729
Taxation and social security	72,329	75,089
Other creditors	124,552	170,513
Other loans	500,000	500,000
Accruals and deferred income	4,003,842	953,401
Payments on account	365,297	-
Deferred tax liability (note 14)	17,130	-
	7,237,936	4,487,607

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2013 *(continued)*

14 Deferred taxation	£	
At 1 July 2012		18,843
Credited to profit and loss account		(35,973)
		(17,130)
At 30 June 2013		(17,130)
	2013	2012
	£	£
The deferred tax asset consists of the following		
Accelerated capital allowances	(28,630)	6,843
Short term timing differences	11,500	12,000
	(17,130)	18,843
	(17,130)	18,843
15 Share capital		
	2013	2012
	£	£
<i>Allotted, called up and fully paid</i>		
260,000 ordinary shares of £1 each	260,000	260,000
	260,000	260,000
16 Pensions		
The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge included within salaries and wages represents contributions payable by the company to the fund. No contributions were outstanding at the year end (2012 - £Nil).		
17 Reserves		
	Capital contribution	Profit and loss account
	£	£
At 1 July 2012	50,000	585,745
Loss for the year	-	(1,462,893)
	50,000	(877,148)
At 30 June 2013	50,000	(877,148)

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2013 *(continued)*

18 Reconciliation of movements in shareholder's (deficit)/funds

	2013 £	2012 £
(Loss)/profit for the year	(1,462,893)	74,110
Opening shareholder's funds	895,745	821,635
	(567,148)	895,745
	(567,148)	895,745

19 Commitments under operating leases

As at 30 June 2013 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2013 £	Land and buildings 2012 £
Operating leases which expire		
Within one year	26,913	18,875
Within one to two years	54,700	20,000
Within two to five years	70,703	46,950
After five years	116,238	148,791
	268,554	234,616
	268,554	234,616

20 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with wholly owned members of the group headed by The Unbeatable Group Limited on the grounds that all of the voting rights in the company are controlled within that group and the company is included in its consolidated financial statements. The consolidated financial statements are publicly available and may be obtained from Companies House.

The company has entered into agreements to lease premises from Caramello Services Limited, a company owned by the trustees of settlements of which both D M Bard and K R Munn are beneficiaries. The rent charged to the profit and loss account in respect of these premises during the year was £41,700 (2012 - £43,750). No balance was outstanding at the year end (2012 - £Nil).

The Trustees of the David Morgan Bard 2005 Family Trust and the Trustees of the Kevin Richard Munn 2005 Family Trust have made loans to the company. The amount owed to these trusts at 30 June 2013 was £500,000 (2012 - £500,000) and is shown within "other loans" on the balance sheet. Interest of £10,067 (2012 - £15,001) was charged to the profit and loss account in respect of these loans during the year.

In a prior year loan notes were issued to the company's directors, D M Bard and K R Munn. All balances had been repaid by 30 June 2012. The loan notes bear interest of the greater of base rate plus 1.5% or the official rate, capped at 2% per annum. Interest charged to the profit and loss account in the year amounted to £Nil (2012 - £18,535).

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2013 *(continued)*

20 Related party disclosures *(continued)*

At year end a balance of £3,305 (2012 - £3,305) was due from D M Bard and K R Munn in respect of transactions paid on their behalf by the company

In the year D M Bard purchased a car from the company for £23,250

In the year a loan of £26,736 was given to Key Worker Insurance Limited, a company in which D M Bard and K R Munn are shareholders. At year end the full balance was outstanding. No interest was charged on this loan.

21 Ultimate holding and controlling entity

The company is a wholly owned subsidiary of The Unbeatable Group Limited (incorporated in UK) which is regarded by the directors as the company's immediate controlling party and ultimate parent company at 30 June 2013.

Copies of the consolidated financial statements of The Unbeatable Group Limited are available from Companies House.