

**Academy Insurance Services
Limited**

Report and Financial Statements

Year Ended

30 June 2016

Company Number 3041967

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Academy Insurance Services Limited

Report and financial statements
for the year ended 30 June 2016

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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

Strategic report for the year ended 30 June 2016

The Directors present their strategic report, together with the Directors' report and the audited financial statements, for the year ended 30 June 2016.

Trading review

Despite a very strong sales performance this year with increased policies and commission income, the impact of recent legislation with regard to the way in which motor claims are handled has resulted in a reduction in our overall income of £34,995 due to our peripheral income declining. Further legislation in the future may also over time have a negative impact.

Principal risks and uncertainties

The domestic motor insurance market is experiencing some readjustment with the new legislation regarding minor injury (whiplash) payments being capped. This has led to downward pressures on premiums reducing our commission. With this in mind it is our intention to invest more of our marketing spend on SME and micro businesses which are less commoditised leading to enhanced client retention rates. The predicted result of this will be a reduction in numbers of our motor insurance clients and an increase in our commercial client portfolio.

Objectives and strategies

The Directors are very bullish about future years trading with growth of clients and premium at the forefront. The shift to commercial clients will be supplemented by further acquisitions lessening the need for expensive marketing campaigns aimed at the private motorist.

Key performance indicators

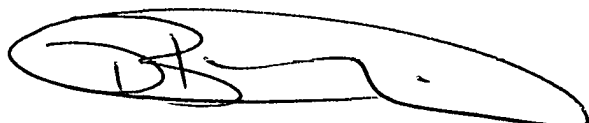
The Directors consider turnover, operating profit before amortisation, impairment and provisions and cash balances to be the key performance indicators for the business. All of these are disclosed within the financial statements and the Directors continue to be pleased with how the company is performing in relation to these KPI's in a difficult marketplace.

| Financial KPI's | 2016 £ | 2015 £ | Movement £ |
|---|-----------|-----------|---------------|
| Turnover | 9,076,702 | 9,111,697 | (34,995) |
| Operating profit before amortisation, impairment and provisions | 2,013,500 | 2,089,859 | (76,359) |
| Cash balance* | 917,009 | 770,766 | 146,243 |

*Cash balance excludes balances held in client accounts (note 14), which are not company assets.

Approval

This strategic report was approved on behalf of the Board on 29/3/17.



D M Bard

Director

Academy Insurance Services Limited

Report of the Directors for the year ended 30 June 2016

The Directors present their report, together with the strategic report and the audited financial statements, for the year ended 30 June 2016.

Principal activities

The company is a retail insurance broker.

The strategic report on page 1 includes a summary of performance for the year to 30 June 2016 and details of the principal risks and uncertainties, strategic objectives and key performance indicators of the company.

Results and dividends

The income statement is set out on page 6 and shows the loss for the year (2015 - profit).

During the year the Directors declared a dividend of 576.92p (2015 - 13.85p) per ordinary share, giving a total dividend of £1,500,000 for the year (2015 - £36,000). At the date the dividend was declared the Directors considered the company had sufficient distributable reserves to do so. Subsequent to the year end the Directors decided to enter into negotiations with HMRC for the settlement of open tax enquiries relating to prior years. As a result, a provision was required to be made in these financial statements giving rise to the net deficit shown on the profit and loss reserve. The Directors anticipate that through post year end trading profits being made this position will be rectified before the end of 2017. The Directors confirm that no further dividend payments will be made until this position is rectified. The provision recognised in these financial statements had the effect of reducing operating profit or loss by £5,012,007 and reducing reserves at 30 June 2016 by £4,672,255.

Directors

The Directors of the company during the year were as follows:

D M Bard
K R Munn

At 30 June 2016, third party indemnity provision for the benefit of the company's Directors was in force.

Academy Insurance Services Limited

Report of the Directors for the year ended 30 June 2016 (continued)

Statement of directors' responsibilities

The Directors are responsible for preparing the strategic report, 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 accounting estimates that are reasonable and prudent; and,
- 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 29/3/17.

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 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 2016 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 strategic report and 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 *29 MARCH 2017*

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

Academy Insurance Services Limited

Statement of comprehensive income for the year ended 30 June 2016

| | Note | 2016 £ | 2015 £ | | | | | | | | | | | | | | | | | | | | |
|---|------|--------------------|-----------|--|--|------------------|-----------|-----------------------------------|----|------------------|-----------|-------------------------------|----|-----------------|---|---------------------------|----|------------------|---|-------------------|----|--------------------|---|
| Turnover | 4 | 9,076,702 | 9,111,697 | | | | | | | | | | | | | | | | | | | | |
| Administrative expenses | | 12,762,472 | 7,277,962 | | | | | | | | | | | | | | | | | | | | |
| Operating profit before amortisation of intangible assets, impairment of investments and exceptional costs <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;"></td> <td style="width: 10%;"></td> <td style="width: 15%; text-align: right;">2,013,500</td> <td style="width: 15%; text-align: right;">2,089,859</td> </tr> <tr> <td>Amortisation of intangible assets</td> <td style="text-align: center;">10</td> <td style="text-align: right;">(423,830)</td> <td style="text-align: right;">(256,124)</td> </tr> <tr> <td>Impairment of tangible assets</td> <td style="text-align: center;">11</td> <td style="text-align: right;">(24,682)</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Impairment of investments</td> <td style="text-align: center;">12</td> <td style="text-align: right;">(238,751)</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Exceptional costs</td> <td style="text-align: center;">18</td> <td style="text-align: right;">(5,012,007)</td> <td style="text-align: right;">-</td> </tr> </table> | | | | | | 2,013,500 | 2,089,859 | Amortisation of intangible assets | 10 | (423,830) | (256,124) | Impairment of tangible assets | 11 | (24,682) | - | Impairment of investments | 12 | (238,751) | - | Exceptional costs | 18 | (5,012,007) | - |
| | | 2,013,500 | 2,089,859 | | | | | | | | | | | | | | | | | | | | |
| Amortisation of intangible assets | 10 | (423,830) | (256,124) | | | | | | | | | | | | | | | | | | | | |
| Impairment of tangible assets | 11 | (24,682) | - | | | | | | | | | | | | | | | | | | | | |
| Impairment of investments | 12 | (238,751) | - | | | | | | | | | | | | | | | | | | | | |
| Exceptional costs | 18 | (5,012,007) | - | | | | | | | | | | | | | | | | | | | | |
| Operating (loss) / profit | 7 | (3,685,770) | 1,833,735 | | | | | | | | | | | | | | | | | | | | |
| Share of operating loss of equity accounted associate | | (1,248) | - | | | | | | | | | | | | | | | | | | | | |
| Interest receivable | | 10,794 | 4,909 | | | | | | | | | | | | | | | | | | | | |
| Interest payable | 8 | (340,056) | (3,353) | | | | | | | | | | | | | | | | | | | | |
| (Loss) / profit on ordinary activities before taxation | | (4,016,280) | 1,835,291 | | | | | | | | | | | | | | | | | | | | |
| Taxation on loss / profit from ordinary activities | 9 | 749,521 | (383,679) | | | | | | | | | | | | | | | | | | | | |
| (Loss) / profit on ordinary activities after taxation | | (3,266,759) | 1,451,612 | | | | | | | | | | | | | | | | | | | | |
| Total comprehensive (loss) / income for the year | | (3,266,759) | 1,451,612 | | | | | | | | | | | | | | | | | | | | |

All amounts relate to continuing activities.

The notes on pages 9 to 23 form part of these financial statements.

Academy Insurance Services Limited

Balance sheet
at 30 June 2016

| Company number 3041967 | Note | 2016 £ | 2016 £ | 2015 £ Restated - note 3 | 2015 £ |
|---|------|-------------|-------------|-----------------------------------|-----------|
| Fixed assets | | | | | |
| Intangible assets | 10 | | 535,703 | | 487,585 |
| Tangible assets | 11 | | 373,755 | | 467,222 |
| Investments | 12 | | 1 | | - |
| | | | 909,459 | | 954,807 |
| Current assets | | | | | |
| Debtors | 13 | 2,626,710 | | 3,715,190 | |
| Cash at bank | 14 | 1,783,777 | | 1,056,598 | |
| | | | 4,410,487 | 4,771,788 | |
| Creditors: amounts falling due within one year | 15 | (4,840,369) | | (3,858,287) | |
| | | | (429,882) | | 913,501 |
| Net current (liabilities) / assets | | | (429,882) | | 913,501 |
| Provisions for liabilities | 18 | | (3,378,028) | | - |
| | | | (2,898,451) | | 1,868,308 |
| Net (liabilities) / assets | | | (2,898,451) | | 1,868,308 |
| Capital and reserves | | | | | |
| Called up share capital | 19 | | 260,000 | | 260,000 |
| Profit and loss account | | | (3,208,451) | | 1,558,308 |
| Capital contribution | | | 50,000 | | 50,000 |
| | | | (2,898,451) | | 1,868,308 |
| Shareholder's (deficit) / funds | | | (2,898,451) | | 1,868,308 |

The financial statements were approved by the Board and authorised for issue on

29/3/17


D M Bard
Director

The notes on pages 9 to 23 form part of these financial statements.

Academy Insurance Services Limited

Statement of changes in equity for the year ended 30 June 2016

| | Share capital £ | Profit and loss account £ | Capital contribution £ | Total equity £ |
|---|-----------------------|------------------------------------|------------------------------|----------------------|
| 1 July 2014 | 260,000 | 142,696 | 50,000 | 452,696 |
| Comprehensive income for the year | | | | |
| Profit on ordinary activities after taxation | - | 1,451,612 | - | 1,451,612 |
| Contributions by and distributions to owners | | | | |
| Dividends | - | (36,000) | - | (36,000) |
| 30 June 2015 | 260,000 | 1,558,308 | 50,000 | 1,868,308 |
| Comprehensive loss for the year | | | | |
| Loss on ordinary activities after taxation | - | (3,266,759) | - | (3,266,759) |
| Contributions by and distributions to owners | | | | |
| Dividends | - | (1,500,000) | - | (1,500,000) |
| 30 June 2016 | 260,000 | (3,208,451) | 50,000 | (2,898,451) |

The notes on pages 9 to 23 form part of these financial statements.

Academy Insurance Services Limited

Notes forming part of the financial statements for the year ended 30 June 2016

1 Accounting policies

Academy Insurance Services Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

These financial statements are the first financial statements prepared under FRS 102 and information on the impact of first-time adoption of FRS 102 is given in note 26.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies, see note 2.

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of The Unbeatable Group Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

FRS 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 for qualifying entities:

- Section 3 Financial Statement Presentation paragraph 3.17(d) and Section 7 Statement of Cash Flows not to prepare a cash flow statement;
- Section 4 Statement of Financial Position paragraph 4.12(a)(iv) not to prepare a reconciliation of the number of shares outstanding at the beginning and end of the year; and
- Section 33 Related Party Disclosures paragraph 33.7 not to disclose key management personnel compensation in total.

This information is included in the consolidated financial statements of The Unbeatable Group Limited as at 30 June 2016 and these financial statements may be obtained from Companies House.

The following principal accounting policies have been applied:

Going concern

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate. The company made a loss after taxation of £3,266,759 (2015 – profit of £1,451,612) for the year, had net current liabilities of £429,882 (2015 – net current assets of £913,501) and had net liabilities of £2,898,451 (2015 – net assets of £1,868,308) at the balance sheet date.

The company is funded through support from its parent company The Unbeatable Group Limited which has undertaken to continue to give such financial assistance as the company requires it to enable it to continue to trade for a period of at least 12 months from the date of approval of these financial statements.

Academy Insurance Services Limited

Notes forming part of the financial statements for the year ended 30 June 2016 (continued)

1 Accounting policies (continued)

The Directors of the parent company have prepared cash flow forecasts and considered the cash flow requirement for the company and group for a period including twelve months from the date of approval of these financial statements. These projections show that no financing will be required from external parties during that period. Based on these projections the company's Directors, who are also the only equity shareholders and Directors of the parent company, consider that the company will have sufficient cash resources during this period to pay its liabilities as they fall due.

As a result of the above the Directors have prepared the financial statements on a going concern basis.

Turnover

Turnover represents commissions and fees earned from insurance policies sold, recognised when the company has performed its obligations which is normally when the policy concerned incepts.

Associates and joint ventures

An entity is treated as an associated undertaking where the company exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

Interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate, or joint venture.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. 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:

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

Intangible assets

a) Goodwill

Prior to the adoption of FRS 102, goodwill represents the cost of intangible assets acquired which are not separable from the revenue earning activity to which they contribute. In accordance with FRS 102 section 35.10(a), FRS 102 section 19 has not been applied retrospectively and these intangible assets subsumed within goodwill have not been separately recognised.

Goodwill acquired after the date of transition to FRS 102 represents the excess of the cost of a business combination over the fair value of the share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is present in the company due to the hive-up of the acquired company's net assets into the company and thus the recognition of goodwill and intangible assets rather than an investment. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 5 years. Goodwill is being amortised to 'administrative expenses' over periods ranging from 2 to 3 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Academy Insurance Services Limited

Notes forming part of the financial statements for the year ended 30 June 2016 (continued)

1 Accounting policies (continued)

Intangible assets (continued)

b) Other intangible assets

Where an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. Amortisation is charged to administration expenses in profit and loss so as to allocate the cost of assets over their estimated useful lives, using the straight line method. The estimated useful lives are as follows:

Books of insurance policies - 2 - 3 years

The initial fair value at the acquisition date and estimated useful lives of intangible assets is derived by reference to the company's past acquisitions of similar intangible assets.

Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset, or cash-generating unit (CGU) to which the asset has been allocated, is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where the assets of a subsidiary are hived-up into the company, the investment value is recognised instead as goodwill and intangible assets.

Financial assets

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Academy Insurance Services Limited

Notes forming part of the financial statements for the year ended 30 June 2016 (continued)

1 Accounting policies (continued)

Current and deferred taxation (continued)

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax balances are not discounted.

Leased assets

All of the company's leases are operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 July 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of lease.

For leases entered into on or after 1 July 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Where the company has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

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.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Assets and liabilities relating to insurance transactions

The company acts as an agent in placing the insurance business of its clients; 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.

Academy Insurance Services Limited

Notes forming part of the financial statements for the year ended 30 June 2016 (continued)

1 Accounting policies (continued)

Reserves

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.
- Capital contribution reserve represents contributions to the company made by its parent for which the balances are not required to be repaid.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following judgements:

- *Leases (see note 21)*

Determine whether leases entered into by the company are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis. The company has concluded all leases are operating leases.

- *Tangible fixed assets (see note 11)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Intangible assets, including goodwill (see note 10)*

Determine whether there are indicators of impairment of the company's intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

- *Creditors and liabilities (see note 15)*

Liabilities are recognised at the balance sheet date and include amounts for accrued holiday pay, bonuses, legal costs and other accruals. Although these amounts are reviewed on a regular basis and adjusted to reflect management's best current estimates, the judgemental nature of these items means that future amounts settled may be different from those provided.

- *Provisions (see note 18)*

In recognising a provision, the Directors have considered the probability that the company will be required to transfer economic benefits in settlement and have concluded that it is more likely than not. The Directors have taken advice from taxation advisors regarding the amount of the obligation and have included that amount as a provision in the financial statements.

Academy Insurance Services Limited

Notes forming part of the financial statements for the year ended 30 June 2016 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Other key sources of estimation uncertainty

- *Intangible fixed assets – books of business (see note 10)*

In determining the fair value and useful life of acquired books of business the past performance of similar assets is assessed. The performance of these assets may be different to their expected performance and thus the actual value may be higher or lower than that included in the accounts. The nature, facts and circumstances of acquired assets are assessed in the valuation methodology.

3 Prior year restatement

During the current year, it was identified that the client money debtor and creditor at 30 June 2015 incorrectly included amounts which were also included in accrued income and revenue as earned from insurance transactions. As a result of this, the client money debtor and creditor included in the balance sheet at 30 June 2015 have been reduced by £465,785 (previously reported as £2,333,351 and £2,619,183 respectively). This restatement has no impact on previously recognised profit or loss or upon net assets at 30 June 2015.

4 Turnover

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

An analysis of turnover by business segment is as follows:

| | 2016 £ | 2015 £ |
|--------------------------------|-----------|-----------|
| Standard commission | 4,719,073 | 4,800,751 |
| Standard fees | 3,115,653 | 3,030,686 |
| Other insurance related income | 1,241,976 | 1,280,260 |
| | <hr/> | <hr/> |
| | 9,076,702 | 9,111,697 |
| | <hr/> | <hr/> |

5 Employees

| | 2016 £ | 2015 £ |
|---|-----------|-----------|
| Staff costs (including directors) consist of: | | |
| Wages and salaries | 8,012,636 | 3,571,213 |
| Social security costs | 983,697 | 329,329 |
| Pension costs | 28,685 | 216,084 |
| | <hr/> | <hr/> |
| | 9,025,018 | 4,116,626 |
| | <hr/> | <hr/> |

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2016 (continued)

5 Employees (continued)

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

| | Number | Number |
|----------------|--------|--------|
| Sales | 106 | 98 |
| Administration | 30 | 28 |
| Directors | 2 | 2 |
| | 138 | 128 |

6 Directors' emoluments

| | 2016 £ | 2015 £ |
|---|-----------|-----------|
| Directors' emoluments consist of: | | |
| Fees and remuneration for management services | 156,417 | 160,486 |
| Pension contributions | - | 190,000 |
| | 156,417 | 350,486 |
| Emoluments of: | | |
| Highest paid Director | 124,948 | 211,396 |

In addition to the amounts disclosed above additional amounts of payroll taxes and social security costs relating to income earned by the Directors in previous periods has been provided for as set out in note 18.

There was one director (2015 - one) in the company's defined contribution pension scheme during the year. The key management personnel of the company are considered to be its directors.

7 Operating (loss) / profit

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| This is arrived at after charging: | | |
| Depreciation | 175,642 | 184,382 |
| Impairment of tangible assets | 24,682 | - |
| Impairment of investment | 238,751 | - |
| Amortisation of intangible assets | 423,830 | 256,124 |
| Auditors' remuneration: | | |
| - audit services | 29,000 | 24,000 |
| - services relating to taxation | 5,500 | 5,500 |
| - all other services | 16,000 | 7,500 |
| Operating lease rentals - land and buildings | 296,931 | 316,083 |
| | 296,931 | 316,083 |

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2016 (continued)

| 8 Interest payable | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Interest on other loans | - | 3,353 |
| Interest accrued on corporation tax provisions | 340,056 | - |
| | 340,056 | 3,353 |
| | | |
| 9 Taxation on profit from ordinary activities | 2016 £ | 2015 £ |
| <i>Current tax:</i> | | |
| UK corporation tax on profit of the year | (675,459) | 372,567 |
| Adjustments in respect of prior periods | - | (2,164) |
| | (675,459) | 370,403 |
| <i>Deferred tax:</i> | | |
| Origination and reversal of timing differences | (71,360) | 13,276 |
| Effect of tax rate change on opening balance | (2,702) | - |
| | (749,521) | 383,679 |

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

| | 2016 £ | 2015 £ |
|--|-------------|-----------|
| (Loss) / profit on ordinary activities before tax | (4,016,280) | 1,835,291 |
| | (4,016,280) | 1,835,291 |
| Loss / profit on ordinary activities at the standard rate of corporation tax in the UK of 20.00% (2015 - 20.75%) | (803,256) | 380,823 |
| <i>Effects of:</i> | | |
| Fixed asset differences | 4,156 | 1,832 |
| Expenses not deductible for tax purposes | 334,922 | 3,687 |
| Income not taxable for tax purposes | (291,319) | - |
| Other permanent differences | 748 | - |
| Adjust closing deferred tax to average rate of 20.00% | 5,226 | (1,014) |
| Adjust opening deferred tax to average rate of 20.00% | - | 516 |
| Adjustments in respect of prior periods | - | (2,164) |
| Other differences | 2 | (1) |
| | (749,521) | 383,679 |

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2016 *(continued)*

| 10 Intangible assets | Books of insurance policies £ | Goodwill £ | Total £ |
|---|--|------------------|------------------|
| <i>Cost</i> | | | |
| At 1 July 2015, as reported under previous GAAP | - | 3,448,914 | 3,448,914 |
| Reclassified | 482,500 | (482,500) | - |
| At 1 July 2015, after transition to FRS 102 | 482,500 | 2,966,414 | 3,448,914 |
| Reclassified from investments on hive-up | 360,000 | - | 360,000 |
| Additions | 111,948 | - | 111,948 |
| At 30 June 2016 | 954,448 | 2,966,414 | 3,920,862 |
| <i>Amortisation</i> | | | |
| At 1 July 2015, as reported under previous GAAP | - | 2,961,329 | 2,961,329 |
| Reclassified | 101,458 | (101,458) | - |
| At 1 July 2015, after transition to FRS 102 | 101,458 | 2,859,871 | 2,961,329 |
| Provided for the year | 338,636 | 85,194 | 423,830 |
| At 30 June 2016 | 440,094 | 2,945,065 | 3,385,159 |
| <i>Net book value</i> | | | |
| At 30 June 2016 | 514,354 | 21,349 | 535,703 |
| At 30 June 2015, after transition to FRS 102 | 381,042 | 106,543 | 487,585 |

The above goodwill relates to the acquisitions of books of insurance policies from third parties made before the transition to FRS 102. Goodwill reclassified on adoption to FRS 102 represents the acquisitions of books of insurance policies from third parties made during the period from adoption of FRS 102, 1 July 2014, to the prior year end, 30 June 2015.

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2016 *(continued)*

| 11 Tangible assets | Motor vehicles £ | Computer equipment £ | Fixtures and fittings £ | Total £ |
|---------------------------|---------------------------------|-------------------------------------|--|--------------------|
| <i>Cost</i> | | | | |
| At 1 July 2015 | 297,208 | 552,055 | 716,786 | 1,566,049 |
| Additions | 104,419 | 22,751 | 60,021 | 187,191 |
| Disposals | (156,313) | - | (192,954) | (349,267) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 June 2016 | 245,314 | 574,806 | 583,853 | 1,403,973 |
| <i>Depreciation</i> | | | | |
| At 1 July 2015 | 96,668 | 419,865 | 582,294 | 1,098,827 |
| Provided for the year | 60,310 | 57,654 | 57,678 | 175,642 |
| Disposals | (75,979) | - | (192,954) | (268,933) |
| Impairment | - | 13,981 | 10,701 | 24,682 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 June 2016 | 80,999 | 491,500 | 457,719 | 1,030,218 |
| <i>Net book value</i> | | | | |
| At 30 June 2016 | 164,315 | 83,306 | 126,134 | 373,755 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 June 2015 | 200,540 | 132,190 | 134,492 | 467,222 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Academy Insurance Services Limited

Notes forming part of the financial statements for the year ended 30 June 2016 (continued)

| 12 Investments | £ |
|--|-----------|
| At 1 July 2015 | - |
| Additions in the year | 600,000 |
| Share of associate's loss | (1,248) |
| Impairment of investment | (238,751) |
| Reclassified as intangible assets on hive-up | (360,000) |
| | 1 |
| At 30 June 2016 | 1 |

Investments represent the company's interest in its wholly owned subsidiary undertaking Key Worker Insure Limited, a company registered in the United Kingdom. Key Worker Insure Limited was acquired in stages as follows:

- 12 October 2015 - 33.3% of ordinary shares acquired.
- 17 November 2015 - remaining 66.7% of ordinary shares acquired.

For the period from 12 October to 17 November 2015 the investment was treated as an associate using the equity method. For the period subsequent to 17 November 2015 and at 30 June 2016 the investment was a subsidiary.

| Subsidiary undertaking | Nature of business | % Ordinary shares and voting rights | Country of registration |
|---------------------------|--------------------|-------------------------------------|-------------------------|
| Key Worker Insure Limited | Non-trading | 100 | United Kingdom |

The following table shows the amount of capital and reserves at the end of the most recent financial year, and the profit or loss for the period of ownership as a subsidiary. At 17 November 2015 the trade and assets of Key Worker Insure Limited were hived-up into the company and Key Worker Insure Limited ceased trading from that date.

| Subsidiary undertaking | Year ended | Profit for the period from 17 November 2015 to 30 June 2016 £ | Capital and reserves at 30 June 2016 £ |
|---------------------------|--------------|--|---|
| Key Worker Insure Limited | 30 June 2016 | - | (503) |
| | | - | (503) |

| 13 Debtors | 2016 £ | 2015 £ Restated - note 3 |
|-----------------------------------|-----------|-----------------------------------|
| Insurance transaction debtors | 1,725,191 | 1,867,566 |
| Amount owed by parent undertaking | - | 911,674 |
| Other debtors | 163,761 | 154,787 |
| Prepayments | 690,723 | 781,163 |
| Deferred tax | 47,035 | - |
| | 2,626,710 | 3,715,190 |

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

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2016 (continued)

14 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 £866,768 (2015 - £285,832).

15 Creditors: amounts falling due within one year

| | 2016 £ | 2015 £ Restated - note 3 |
|-----------------------------------|-----------|-----------------------------------|
| Insurance transaction creditors | 2,591,959 | 2,153,398 |
| Payments on account | - | 108,334 |
| Trade creditors | 167,066 | 201,142 |
| Corporation tax | - | 372,537 |
| Taxation and social security | 76,556 | 84,979 |
| Other creditors | 46,813 | 120,883 |
| Amount owed to parent undertaking | 552,326 | - |
| Accruals and deferred income | 1,405,649 | 789,987 |
| Deferred tax liability (note 16) | - | 27,027 |
| | 4,840,369 | 3,858,287 |

16 Deferred taxation

| | | £ |
|-------------------------------------|--|----------|
| At 1 July 2015 | | (27,027) |
| Credited to profit and loss account | | 74,062 |
| | | 47,035 |

At 30 June 2016

| | 2016 £ | 2015 £ |
|---|-----------|-----------|
| The deferred tax asset / (liability) consists of the following: | | |
| Accelerated capital allowances | 27,566 | (37,027) |
| Short term timing differences | 9,000 | 10,000 |
| Tax losses carried forward and other deductions | 10,469 | - |
| | 47,035 | (27,027) |

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2016 (continued)

17 Financial instruments

The company's financial instruments may be analysed as follows:

| | 2016 £ | 2015 £ Restated - note 3 |
|---|-----------|-----------------------------------|
| Financial assets | | |
| Financial assets that are equity instruments measured at cost less impairment | 1 | - |
| Financial assets that are debt instruments measured at amortised cost | 2,233,055 | 2,934,027 |
| Financial assets that are cash and cash equivalents | 1,783,777 | 1,056,598 |
| | _____ | _____ |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | 3,884,561 | 2,646,049 |
| | _____ | _____ |

Financial assets that are equity instruments measured at cost less impairment comprise fixed asset investments in unlisted company shares.

Financial assets that are debt instruments measured at amortised cost comprise other debtors, amounts owed by parent undertaking and insurance transaction debtors.

Financial liabilities measured at amortised cost comprise insurance transaction creditors, trade creditors, other creditors, amounts owed to parent undertaking and accruals.

18 Provisions

£

In prior years the company entered into certain arrangements to incentivise employees. H M Revenue & Customs have made enquiries into these arrangements and have notified the company that there is a probability that additional amounts of tax will become payable by the company as a result of these enquiries. At the yearend date, the Directors have considered the probability that the company will be required to transfer economic benefits in settlement and have concluded that it was more likely than not. The Directors have taken advice from taxation advisors regarding the amount of the obligation and have included that amount as a provision in the financial statements. The provision is made up as follows:

| | HMRC provision £ |
|--|---------------------|
| At 1 July 2015 | - |
| Provided in respect of payroll and social security costs | 5,012,007 |
| Provided in respect of interest costs | 340,056 |
| Adjusted in respect of interest receipts | (4,349) |
| Adjusted in respect of corporation tax deductions | (675,459) |
| Adjusted in respect of advance payments made | (1,294,227) |
| | _____ |
| At 30 June 2016 | 3,378,028 |
| | _____ |

The provision will be recognised as a current and non-current liability upon agreement of a payment plan and final agreement of the settlement amounts with HMRC. The provision is expected to unwind over a period of three years, however this will depend upon the agreed final payment plan.

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2016 (continued)

19 Share capital

| | 2016 £ | 2015 £ |
|---|-----------|-----------|
| <i>Allotted, called up and fully paid</i> | | |
| 260,000 ordinary shares of £1 each | 260,000 | 260,000 |
| | 260,000 | 260,000 |

20 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 (2015 - £Nil).

21 Commitments under operating leases

As at 30 June 2016 the company had minimum lease commitments under non-cancellable operating leases as set out below:

| | Land and buildings 2016 £ | Land and buildings 2015 £ |
|--------------------------------|------------------------------------|------------------------------------|
| Operating leases which expire: | | |
| Within one year | 296,931 | 301,901 |
| Within one to five years | 837,905 | 974,339 |
| After five years | 693,667 | 854,164 |
| | 1,828,503 | 2,130,404 |

22 Related party disclosures

The company has taken advantage of the exemption conferred by FRS 102 33.1A 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 £50,000 (2015 - £50,000). A balance of £10,860 was prepaid at year end (2015 - £10,776).

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 2016 was £Nil (2015 - £Nil) and is shown within "other loans" on the balance sheet. Interest of £5,054 (2015 - £3,353) was charged to the profit and loss account in respect of these loans during the year.

At year end a balance of £1,198 (2015 - £2,652) was due to D M Bard and £2,029 (2015 - £Nil) was due to K R Munn in respect of expense reclaims.

Academy Insurance Services Limited

Notes forming part of the financial statements for the year ended 30 June 2016 (continued)

22 Related party disclosures (continued)

A loan of £8,441 was outstanding at year end (2015 - £2,308) with Mrs L Bard, the wife of D M Bard. No interest has been charged on this loan (2015 - £Nil).

At year end a loan of £Nil (2015 - £14,507) was outstanding with Key Worker Insure Limited, a company in which D M Bard and K R Munn were shareholders and which is now owned solely by Academy Insurance Services Limited. No interest has been charged on this loan.

At year end a balance of £914,042 (2015 - £100,089) was outstanding with BCM Acquisition Limited, a company in which D M Bard and K R Munn are shareholders. No interest has been charged on this loan.

On 12 October 2015, the company acquired 33.3% of the ordinary shares of Key Worker Insure Limited, a company in which the remaining 66.7% of shares were owned evenly by D M Bard and K R Munn, the Directors of Academy Insurance Services Limited. On 17 November 2015, the company acquired the remaining 66.7% of Key Worker Insure Limited from D M Bard and K R Munn. The total price paid for the acquisition of these shares by the company was £600,000. No amounts are outstanding at 30 June 2016.

23 Dividends

A dividend of 576.92p (2015 - 13.85p) per ordinary share was declared on 10 February 2016, giving a total dividend of £1,500,000 for the year (2015 - £36,000). At the date the dividend was declared the Directors considered the company had sufficient distributable reserves to do so. Subsequent to the year end the Directors decided to enter into negotiations with HMRC for the settlement of open tax enquiries relating to prior years. As a result, a provision was required to be made in these financial statements giving rise to the net deficit shown on the profit and loss reserve. The Directors anticipate that through post year end trading profits being made this position will be rectified before the end of 2017. The Directors confirm that no further dividend payments will be made until this position is rectified.

24 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 parent company and ultimate controlling party at 30 June 2016.

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

25 Post balance sheet events

On 1 March 2017, the company acquired the entire share capital of Glynwood Insurance Services Limited for an initial amount of £600,000 with further amounts of £600,000 payable within fourteen months from acquisition date. There is also the potential for a further amount of £200,000 to become payable depending on the performance of Glynwood Insurance Services Limited in the year following acquisition.

26 First time adoption of FRS 102

This is the first year that the company has prepared its financial statement in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland. The last financial statements, prepared in accordance with accounting standards previously applicable in the United Kingdom and the Republic of Ireland were for the year ended 30 June 2015. The date of transition to FRS 102 was 1 July 2014. There are no changes to previously reported profit or loss and equity between the previous accounting framework and FRS 102.