

Registrar's Copy

Academy Insurance Services Limited

Report and Financial Statements

Year Ended

30 June 2014

Company Number 3041967

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Academy Insurance Services Limited

Report and financial statements
for the year ended 30 June 2014

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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 2014

The directors present their strategic report, together with the audited financial statements, for the year ended 30 June 2014.

Principal activities, trading review and future developments

Despite difficult market conditions the company was able to achieve turnover growth of £383,103 (2013 - drop of £261,560) in the financial year ending in 2014. Despite rising overheads the strict cost disciplines previously imposed have resulted in an overall satisfactory financial outcome with an operating profit before amortisation of goodwill and exceptional items of £1,569,517 (2013 - £1,868,642). The balance sheet has also been returned to a healthy positive position of £452,696 (2013 - deficit of £567,148).

Principal risks and uncertainties

The domestic insurance market is continuing to see price reductions and erosions of margins. This is an industry cyclical pattern which appears to take longer with each passing cycle. Whilst we expect this to ease in the latter part of 2015 there is no certainty, and it will certainly not happen within the company's coming financial year. This means that the company will have to work harder to achieve growth and will continue with strict spending controls.

The insurance marketplace is still experiencing a consumer shift in buying patterns with the internet becoming the first port of call for most insurance purchases. The directors continue to keep a watching brief in order to define an internet broking business model that would allow for profitable internet trading.

Marketing to new customers is increasingly challenging. The rush to research and buy on the internet has all but killed off the page advertising other than for branding purposes. This has now permeated down to telephone call brokers passing on increasingly more expensive and poorer quality leads generated from clients who have failed to finalise an internet purchase.

Objectives and strategies

Despite the challenges ahead the company which has always strived for year on year growth will continue to do so. It has become apparent that acquiring established brokers is a more attractive growth strategy for the company to pursue and by diverting expenditure earmarked for traditional marketing towards acquisitions will help achieve this growth.

Academy Insurance Services Limited

Strategic report
for the year ended 30 June 2014 (continued)

Key performance indicators

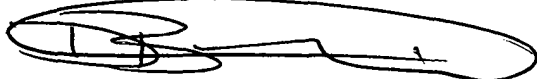
The Directors consider turnover, operating margins and cash balances to be the key performance indicators for the business. All of these are disclosed within the financial statements and the directors continue to be pleased with how the company is performing in relation to these KPI's in a difficult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

Financial KPI's	2014	2013	Movement
Turnover	£8,669,241	£8,286,138	£383,103
Operating margins	£1,403,597	(£1,131,243)	£2,534,840
Cash balances	£524,977	£1,755,985	(£1,231,008)

The reduction in cash balances reflects the settlement of the HMRC liability disclosed in note 5 to the financial statements.

Approval

This strategic report was approved on behalf of the Board on 19/2/2015



D M Bard

Director

Academy Insurance Services Limited

Report of the directors for the year ended 30 June 2014

The directors present their report, together with the audited financial statements, for the year ended 30 June 2014.

Business review

The nature of the company's operations and its principal activities are set out in the strategic report on pages 1 and 2. The strategic report includes details of the principal risks and uncertainties, key performance indicators, strategic objectives and a summary of 2014 performance.

Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year (2013 - loss).

The directors recommend the payment of a final dividend of 13.85p per ordinary share, giving a total dividend of £36,000 for the year (2013 - £Nil).

Directors

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

D M Bard
K R Munn

At 30 June 2014, 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 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;
- 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.

Academy Insurance Services Limited

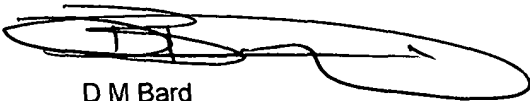
Report of the directors for the year ended 30 June 2014 (continued)

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

19/2/2015

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 2014 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 2014 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 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 *27 February 2015*

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 2014

	Note	2014 £	2013 £
Turnover	2	8,669,241	8,286,138
Administrative expenses		7,265,644	9,417,381
Operating profit before amortisation of goodwill and exceptional item			
		1,569,517	1,868,642
Amortisation of goodwill		165,920	167,597
Exceptional item	5	-	2,832,288
Operating profit/(loss)			
	6	1,403,597	(1,131,243)
Interest receivable		12,277	28,648
Interest payable	7	(8,388)	(565,845)
Profit/(loss) on ordinary activities before taxation			
		1,407,486	(1,668,440)
Taxation on profit/(loss) from ordinary activities	8	(351,642)	205,547
Profit/(loss) on ordinary activities after taxation			
	17	1,055,844	(1,462,893)

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 9 to 17 form part of these financial statements

Academy Insurance Services Limited

Balance sheet at 30 June 2014

Company number 3041967	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Intangible assets	9		261,209		170,939
Tangible assets	10		454,191		445,366
			715,400		616,305
Current assets					
Debtors	11	3,738,873		4,298,498	
Cash at bank	12	524,977		1,755,985	
		4,263,850		6,054,483	
Creditors: amounts falling due within one year	13	(4,526,554)		(7,237,936)	
Net current liabilities			(262,704)		(1,183,453)
Net assets/(liabilities)			452,696		(567,148)
Capital and reserves					
Called up share capital	15		260,000		260,000
Profit and loss account	17		142,696		(877,148)
Capital contribution	17		50,000		50,000
Shareholder's funds/(deficit)	18		452,696		(567,148)

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

19/2/2015



D M Bard
Director

The notes on pages 9 to 17 form part of these financial statements

Academy Insurance Services Limited

Notes forming part of the financial statements for the year ended 30 June 2014

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 on a straight line basis, 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.

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.

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2014 (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.

2 Turnover

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

3 Employees

	2014 £	2013 £
Staff costs (including directors) consist of:		
Wages and salaries	3,432,189	5,841,479
Social security costs	341,627	298,233
Pension costs	35,994	37,496

	3,809,810	6,177,208
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The average monthly number of employees, including directors, during the year was as follows:

	Number	Number
Sales and administration	128	115

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2014 (continued)

4 Directors' emoluments

	2014 £	2013 £
Directors' emoluments consist of:		
Fees and remuneration for management services	167,955	78,250
Emoluments of:		
Highest paid director	119,384	44,034

There were no directors (2013 - Nil) in the company's defined contribution pension scheme during the year.

5 Exceptional item

As disclosed in the 2013 financial statements the company has entered into a number of arrangements to incentivise employees over the years. HM Revenue & Customs formally challenged one such arrangement in a prior year. The directors were in disagreement with the challenge but 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. As at year end the company had paid £2,625,000 in relation to the proposed settlement. The directors are of the opinion that the company has complied in full with the relevant tax legislation in respect of these arrangements. On 8 October 2014 HMRC formally accepted the proposed settlement agreement and all amounts have now been settled.

6 Operating profit/(loss)

	2014 £	2013 £
This is arrived at after charging/(crediting):		
Depreciation	158,685	165,106
Amortisation of goodwill	165,920	167,597
Auditors' remuneration:		
- audit services	29,520	27,000
- services relating to taxation	6,765	5,800
- all other services	3,075	3,000
Operating lease rentals - land and buildings	274,955	260,862
Profit on disposal of fixed assets	(483)	(5,902)

7 Interest payable

	2014 £	2013 £
Interest on other loans (note 20)	8,388	10,067
Other interest	-	555,778
	8,388	565,845

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2014 *(continued)*

8 Taxation on profit/(loss) from ordinary activities

	2014 £	2013 £
<i>Current tax:</i>		
UK corporation tax on profit/(loss) of the year	316,939	38,471
Adjustments in respect of prior periods	38,082	(279,991)
	355,021	(241,520)
<i>Deferred tax:</i>		
Origination and reversal of timing differences	19,450	33,796
Effect of tax rate change on opening balance	(23,684)	1,452
Adjustments in respect of prior periods	855	725
	351,642	(205,547)

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:

	2014 £	2013 £
Profit/(loss) on ordinary activities before tax	1,407,486	(1,668,440)
	316,704	(396,266)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 22.5% (2013 - 23.75%)		
<i>Effects of:</i>		
Fixed asset differences	2,397	-
Expenses not deductible for tax purposes	20,277	817,421
Depreciation for period in excess of capital allowances	-	-
Capital allowances in excess of depreciation	(21,883)	(34,899)
Adjustments in respect of prior periods	38,082	(279,991)
Marginal relief	(556)	(5,304)
Adjustment to tax losses	-	(342,481)
	355,021	(241,520)

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2014 (*continued*)

9 Intangible assets

	Goodwill £
<i>Cost</i>	
At 1 July 2013	2,710,224
Additions	256,190
	2,966,414
At 30 June 2014	2,966,414
 <i>Amortisation</i>	
At 1 July 2013	2,539,285
Provided for the year	165,920
	2,705,205
At 30 June 2014	2,705,205
 <i>Net book value</i>	
At 30 June 2014	261,209
At 30 June 2013	170,939

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 2013	173,493	563,762	610,112	1,347,367
Additions	120,752	31,028	48,407	200,187
Disposals	(103,872)	-	-	(103,872)
	190,373	594,790	658,519	1,443,682
At 30 June 2014	190,373	594,790	658,519	1,443,682
 <i>Depreciation</i>				
At 1 July 2013	74,297	362,919	464,785	902,001
Provided for the year	37,208	66,523	54,954	158,685
Disposals	(71,195)	-	-	(71,195)
	40,310	429,442	519,739	989,491
At 30 June 2014	40,310	429,442	519,739	989,491
 <i>Net book value</i>				
At 30 June 2014	150,063	165,348	138,780	454,191
At 30 June 2013	99,196	200,843	145,327	445,366

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2014 (continued)

11 Debtors

	2014 £	2013 £
Insurance transaction debtors	2,016,882	2,379,827
Amount owed by parent undertaking	887,674	911,674
Other debtors	143,553	174,121
Prepayments and accrued income	690,764	595,476
Corporation tax	-	237,400
	<u>3,738,873</u>	<u>4,298,498</u>

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 £285,865 (2013 - £Nil). In the current year due to timing differences there is a shortfall of £Nil (2013 - £364,927).

13 Creditors: amounts falling due within one year

	2014 £	2013 £
Insurance transaction creditors	2,302,747	2,014,900
Trade creditors	140,048	139,886
Corporation tax	393,311	-
Taxation and social security	212,878	72,329
Other creditors	113,447	124,552
Other loans (note 20)	250,000	500,000
Accruals and deferred income	892,038	4,003,842
Payments on account	208,334	365,297
Deferred tax liability (note 14)	13,751	17,130
	<u>4,526,554</u>	<u>7,237,936</u>

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2014 (*continued*)

14 Deferred taxation	£	
At 1 July 2013		(17,130)
Credited to profit and loss account		3,379
		(13,751)
At 30 June 2014		(13,751)
	2014	2013
	£	£
The deferred tax liability consists of the following:		
Accelerated capital allowances	(23,751)	(28,630)
Short term timing differences	10,000	11,500
	(13,751)	(17,130)
	(13,751)	(17,130)
15 Share capital	2014	2013
	£	£
<i>Allotted, called up and fully paid</i>		
260,000 ordinary shares of £1 each	260,000	260,000
	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 (2013 - £Nil).		
17 Reserves		
	Capital contribution	Profit and loss account
	£	£
At 1 July 2013	50,000	(877,148)
Profit for the year	-	1,055,844
Dividend in the year	-	(36,000)
	50,000	142,696
At 30 June 2014	50,000	142,696
	50,000	142,696

Academy Insurance Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2014 (*continued*)

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

	2014 £	2013 £
Profit/(loss) for the year	1,055,844	(1,462,893)
Dividend in the year	(36,000)	-
Opening shareholder's (deficit)/funds	(567,148)	895,745
	452,696	(567,148)
Closing shareholder's funds/(deficit)	452,696	(567,148)

19 Commitments under operating leases

As at 30 June 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2014 £	Land and buildings 2013 £
Operating leases which expire:		
Within one year	25,058	26,913
Within one to two years	50,400	54,700
Within two to five years	105,199	70,703
After five years	93,600	116,238
	274,257	268,554
	274,257	268,554

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 £50,176 (2013 - £41,700). A balance of £9,069 was outstanding at the year end (2013 - £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 2014 was £250,000 (2013 - £500,000) and is shown within "other loans" on the balance sheet. Interest of £8,388 (2013 - £10,067) was charged to the profit and loss account in respect of these loans during the year.

Academy Insurance Services Limited

Notes forming part of the financial statements for the year ended 30 June 2014 (*continued*)

20 Related party disclosures (*continued*)

At year end a balance of £3,035 (2013 - £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 prior year D M Bard purchased a car from the company for £23,250.

In the year V Farrelly, the company secretary, purchased a car from the company for £6,000. A loan of £6,000 was outstanding at year end (2013 - £Nil).

In the year Mrs L Bard, the wife of D M Bard, purchased a car from the company for £27,165. A loan of £10,385 was outstanding at year end (2013 - £Nil).

In the prior 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. No balance was outstanding at the year end (2013 - £26,736). No interest was charged to this loan.

21 Dividends

A dividend of 13.85p per ordinary share was declared in the year, giving a total dividend of £36,000 for the year (2013 - £Nil).

22 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 2014.

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