

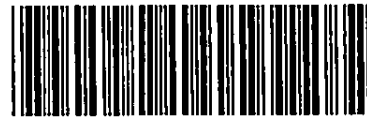
**Registered Number 931954**

**BLUEFIN INSURANCE SERVICES LIMITED**

**Directors' Report and Financial Statements**

**for the year ended 31 December 2012**

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Registered Office 5 Old Broad Street, London, EC2N 1AD

**BLUEFIN INSURANCE SERVICES LIMITED**

**COMPANY INFORMATION**

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**DIRECTORS**

Mr S C Reid  
Mrs J A Bean  
Mr A K Parsons  
Mr M A Bruce  
Mr T Philip  
Mr G Boden (Non Executive Chairman)

**COMPANY SECRETARY**

Mr J P Small

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Benson House  
33 Wellington Street  
Leeds  
LS1 4JP

**BLUEFIN INSURANCE SERVICES LIMITED**

**DIRECTORS' REPORT**

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The directors have pleasure in submitting their report together with the audited financial statements of Bluefin Insurance Services Limited (the "Company") for the year ended 31 December 2012

**PRINCIPAL ACTIVITIES**

The Company's principal business is that of insurance brokers and consultants

**BUSINESS REVIEW**

**Results and dividends**

The Company's profit for the year after taxation amounted to £1,434,587 (2011: £73,977)

One of the Company's main performance indicators is EBITDAE (Earnings before interest, tax, depreciation, amortisation and exceptional items). EBITDAE has increased from £16.4m in 2011 to £22.0m in 2012. No dividends were paid in the year (2011: £nil).

**Environment**

As the Company operates in the financial services sector, its actions do not have a significant environmental impact. However, the Company does recognise the importance of the environment, and acts to minimise its impact on the environment wherever it can, including recycling and reducing energy consumption.

**Principal risks and uncertainties**

The insurance market in the UK remains soft and in a continuing cyclical downturn, which along with a very tough and challenging economic climate will impact on revenues. The Company manages this risk by supplying a wide range of insurance products across a number of different markets and by winning new business from competitors, in order to protect our income, whilst maintaining strong relationships with both customers and the insurers.

The key regulations which affect the Company are those set by the Financial Services Authority (FSA). The Company monitors developments in the regulatory environment so that it can be aware of any changes, and act in a timely and efficient manner in order to comply with any new regulations. The Company invests a significant amount of time and resource in this area, including members of the senior management team attending joint sessions between the industry and the FSA on hot topics.

The Company manages its credit risk by ensuring that it receives cash from its clients in respect of premiums before paying on those premiums to insurers.

**BLUEFIN INSURANCE SERVICES LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

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**BUSINESS REVIEW (CONTINUED)**

**Principal risks and uncertainties (continued)**

Operational risk is managed by management who assess the risks which are faced by the Company and then formulate an appropriate plan of action in order to address and mitigate these risks. The Board then oversee and monitor the operational risk management.

No other key performance indicators are considered necessary by the directors for an understanding of the Company development, performance or position, other than those referred to above in the Review of Business section.

**Future prospects**

The directors are optimistic about the long term prospects for continued growth of EBITDAE.

**GOING CONCERN**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report business review.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**DIRECTORS**

The directors of the Company at the date of this report and those who have served throughout the year are shown on page 1.

Mr R C W Organ resigned as a director of the Company on 31 March 2013. Mr T Philip was appointed as a director on 4 June 2013.

**QUALIFYING THIRD-PARTY INDEMNITY PROVISIONS**

The Company is party to a group wide indemnity policy which benefits all of its current directors and is a qualifying third party indemnity provision for the purpose of the Companies Act 2006.

**BLUEFIN INSURANCE SERVICES LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

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**EMPLOYEE CONSULTATION**

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Company's intranet. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

**DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**CREDITORS' POLICY**

It is the Company's policy that payments to suppliers are made in accordance with the terms and conditions agreed with suppliers, provided all trading terms and conditions have been complied with.

**CHARITABLE CONTRIBUTIONS**

During the year the Company made charitable donations of £4,479 (2011: £12,334), principally to local charities serving the communities in which the Company operates.

**BLUEFIN INSURANCE SERVICES LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the directors at the date of approval of this report confirms that

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of Directors  
and signed on behalf of the Board

Mr S C Reid  
Director

28 June 2013

**BLUEFIN INSURANCE SERVICES LIMITED****INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLUEFIN INSURANCE SERVICES LIMITED**

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We have audited the financial statements of Bluefin Insurance Services Limited for the year ended 31 December 2012 which comprise the Profit and Loss account, the Statement of Total Recognised Gains and Losses, 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).

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group and Parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

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

**BLUEFIN INSURANCE SERVICES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLUEFIN INSURANCE  
SERVICES LIMITED (CONTINUED)**

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**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



Gary Shaw (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds

2 July 2013



**BLUEFIN INSURANCE SERVICES LIMITED****PROFIT & LOSS ACCOUNT**  
for the year ended 31 December 2012

	Note	2012 £	2011 £
<b>Turnover</b>	2	115,171,835	118,009,153
Cost of sales		(19,625,561)	(19,421,187)
<b>Gross profit</b>		<u>95,546,274</u>	<u>98,587,966</u>
Administrative expenses before exceptional item	5	(77,965,282)	(86,939,188)
Exceptional management charge	5	(16,500,000)	(11,500,000)
Total administrative expenses		<u>(94,465,282)</u>	<u>(98,439,188)</u>
<b>Operating profit</b>	4	<u>1,080,992</u>	<u>148,778</u>
Interest receivable and similar income	6	1,254,746	612,646
Interest payable and similar charges	7	(215,115)	-
<b>Profit on ordinary activities before taxation</b>		<u>2,120,623</u>	<u>761,424</u>
Tax on profit on ordinary activities	8	(686,036)	(687,447)
<b>Retained profit for the year</b>	19	<u><u>1,434,587</u></u>	<u><u>73,977</u></u>
<b>EBITDAE</b>		<u><u>21,957,114</u></u>	<u><u>16,380,402</u></u>

**BLUEFIN INSURANCE SERVICES LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the ended 31 December 2012

	<b>Note</b>	<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>
Retained profit for the year		1,434,587	73,977
Actuarial loss relating to the pension scheme	17	(276,000)	(1,481,000)
Deferred tax movement in relation to pension scheme deficit	17	63,480	370,250
<b>Retained gains and (losses) relating to the year</b>		<u><u>1,222,067</u></u>	<u><u>(1,036,773)</u></u>

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the current or preceding financial year and their historical cost equivalents

**BLUEFIN INSURANCE SERVICES LIMITED****BALANCE SHEET**  
as at 31 December 2012

	Note	2012 £	2011 £
<b>Fixed assets</b>			
Intangible assets	9	10,291,940	10,701,567
Tangible assets	10	4,587,939	4,327,144
Investments	11	-	39,170
		<u>14,879,879</u>	<u>15,067,881</u>
<b>Current assets</b>			
Debtors	12	86,313,490	95,207,930
Cash at bank and in hand	13	97,545,314	78,470,644
		<u>183,858,804</u>	<u>173,678,573</u>
<b>Creditors</b> amounts falling due within one year	14	(128,054,880)	(130,626,193)
<b>Net current assets</b>		<u>55,803,924</u>	<u>43,052,380</u>
<b>Total assets less current liabilities</b>		70,683,805	58,120,261
<b>Creditors</b> amounts falling due after more than one year	15	(35,758,810)	(24,324,086)
<b>Provisions for liabilities &amp; charges</b>	16	(2,543,511)	(2,717,698)
<b>Net assets excluding pension liability</b>		<u>32,381,484</u>	<u>31,078,477</u>
<b>Pension liability</b>	17	(2,365,440)	(2,284,500)
<b>Total net assets</b>		<u>30,016,044</u>	<u>28,793,977</u>
<b>Capital &amp; reserves</b>			
Called-up share capital	18	500	500
Revaluation reserve	19	154,594	154,594
Profit and loss account	19	29,860,950	28,638,883
<b>Total equity shareholders' funds</b>	20	<u>30,016,044</u>	<u>28,793,977</u>

The financial statements on pages 8 to 25 were approved by the Board on and were signed on its behalf by



Mr S C Reid  
Director

28 June 2013

**BLUEFIN INSURANCE SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

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**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been consistently applied in the current and previous year, are described below.

**(a) Accounting convention**

The financial statements are prepared on the going concern basis under the historical cost convention, as modified by the revaluation of freehold properties.

**(b) Intangible fixed assets**

Goodwill arising on acquisition is capitalised in the balance sheet at cost less any provision for impairment, and is amortised through the profit and loss account in equal instalments over a maximum of twenty years being the period over which benefit is expected to be derived.

**(c) Tangible fixed assets**

The Company's policy is to carry all assets at historical cost less depreciation except for Freehold Property which has been included in the balance sheet at a valuation existing on 30 April 2000 when the Company implemented FRS 15 – Measurement of Tangible Fixed Assets' for the first time.

Depreciation on fixed assets has been provided as follows:

Freehold property	2% Straight line basis
Leasehold property	Over the term of the lease
Computer equipment	25% Straight line basis
Fixtures, fittings and equipment	15% Straight line basis
Motor vehicles	25% Reducing balance basis

**(d) Contributions to pension scheme**

The Company arranges on behalf of the directors and other employees a defined contribution pension scheme, the cost of which is charged against the profits of the Company in the year in which the expenditure is incurred.

The Company operates a defined benefit pension scheme which is closed to new members and no members are accruing future benefits. The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of recognised gains and losses.

Defined benefit schemes are funded with the assets of the scheme held separately from those of the Group in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of related deferred tax, is presented separately on the face of the balance sheet.

**BLUEFIN INSURANCE SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**1. ACCOUNTING POLICIES (CONTINUED)****(e) Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

**(f) Operating leases**

Rentals in respect of operating leases are charged to the profit & loss account in equal annual amounts over the lease term.

**(g) Hire purchase contracts**

Assets held under hire purchase contracts are capitalised at their fair value on the inception of the contract and depreciated over their estimated useful lives. The finance charges are allocated over the period of the contract in proportion to the capital amount outstanding.

**(h) Turnover**

Turnover represents commissions and fees earned in the period net of discounts and is accounted for as earned at the latter of when the policy is inception or invoiced. Where there is an expectation of future servicing requirements an element of income relating to the policy is deferred to cover the associated contractual obligation.

**(i) Cost of sales**

Cost of sales represents introducer payments and rebates paid to third parties in the course of carrying out business.

**(j) Investments**

Investments are stated at cost less provision for impairment in value.

**(k) Insurance broking assets and liabilities**

The Company acts as an agent in broking the insurable risks for its clients and, generally, is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the Company's legal relationship with clients and underwriters and since in practice premium and claim monies are usually accounted for by insurance intermediaries, it has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the Company itself.

**BLUEFIN INSURANCE SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****1 ACCOUNTING POLICIES (CONTINUED)****(i) Cash flow statement**

Under FRS 1 (Cash Flow Statements (revised 1996)) the Company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a subsidiary undertaking of a parent undertaking which produces a consolidated cash flow statement

The cash flow of the Company is consolidated in the Bluefin Insurance Group Limited financial statements which can be obtained from 5 Old Broad Street, London EC2N 1AD

**2 SEGMENTAL ANALYSIS**

There are no segments of the business which are substantially different from each other Turnover is wholly attributable to operations within the UK

**3. DIRECTORS EMOLUMENTS**

	2012 £	2011 £
<b>Directors' remuneration</b>		
Emoluments inclusive of benefits in kind	1,526,423	1,686,233
Pension contributions	67,200	82,415
	<u>1,593,623</u>	<u>1,768,648</u>
Emoluments of highest paid director	<u>552,178</u>	<u>532,143</u>
Pension contributions of highest paid director	<u>-</u>	<u>-</u>
Directors compensation for loss of office	<u>-</u>	<u>219,917</u>
No director exercised options during the year (2011 - None)		
	No	No.
The number of directors for whom the Company has made pension contributions		
Defined contribution scheme	<u>4</u>	<u>4</u>
Average number of persons employed	<u>1,275</u>	<u>1,393</u>
	2012 £	2011 £
<b>Staff costs during the year (including directors, excluding benefits in kind)</b>		
Wages and salaries	47,301,035	52,574,798
Social security costs	4,948,301	5,520,895
Pension costs	1,908,201	2,676,909
	<u>54,157,537</u>	<u>60,772,602</u>
Staff costs include exceptional restructuring costs (note 5)		

**BLUEFIN INSURANCE SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****4 OPERATING PROFIT**

	2012	2011
	£	£
<b>Operating profit is stated after charging:</b>		
Depreciation – owned assets	1,394,383	1,492,032
Loss on disposal of investments	39,170	-
Loss on disposal of fixed assets	12,953	43,571
Amortisation of goodwill	841,897	841,144
Operating lease rentals – land & buildings	3,844,190	3,990,990
– other	74,561	91,756
Auditors' remuneration – audit fees	-	24,215
	<u>-</u>	<u>24,215</u>

2012 Audit fees have been borne by Bluefin Insurance Group Limited, a group company

**5. EXCEPTIONAL ITEMS**

	2012	2011
	£	£
Operating profit is stated after charging		
Restructuring costs	1,724,794	2,552,480
	<u>1,724,794</u>	<u>2,552,480</u>

The Company incurred exceptional management charges from AXA Insurance UK Plc totalling £16,500,000 (2011: £11,500,000) during the year

In response to exceptional economic circumstances the business has been restructured to improve efficiency and reduce costs. Administrative expenses include one-off staff costs totalling £1,724,794 (2011: £2,552,480) relating to this restructuring

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2012	2011
	£	£
Defined benefit pension scheme finance credit (note 17)	168,885	65,000
Bank interest receivable	1,085,861	547,646
	<u>1,254,746</u>	<u>612,646</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2012	2011
	£	£
Bank overdraft interest payable	215,115	-
	<u>215,115</u>	<u>-</u>

## BLUEFIN INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2012 £	2011 £
<b>Analysis of tax charge in period</b>		
UK tax based on the profit for the year	1,215,852	681,485
Over provision in previous years	(272,279)	(241,140)
	<u>943,573</u>	<u>440,345</u>
Deferred tax – timing differences	(406,305)	(153,187)
– adjustment in respect of prior years	30,348	295,009
	<u>(375,957)</u>	<u>141,822</u>
– adjustment in respect of pension scheme	118,420	105,280
	<u>686,036</u>	<u>687,447</u>

## Factors affecting tax charge for the period

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 24.5% (31 December 2011: 26.5%). The current tax charge for the year is greater than 24.5% (31 December 2011: greater than 26.5%) for the reasons set out in the following reconciliation:

Profit on ordinary activities before tax	<u>2,120,623</u>	<u>761,424</u>
Tax on profit on ordinary activities at standard rate	519,553	201,777
Factors affecting charge		
Expenses not deductible	197,175	282,043
Other timing differences	179,700	(130,999)
Capital allowances less than depreciation	319,424	328,664
Prior year adjustment	(272,279)	(241,140)
Current tax charge for the year	<u>943,573</u>	<u>440,345</u>

The standard rate of Corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Since this was substantially enacted at the balance sheet date, deferred tax has been calculated at this rate.

Further reductions to the UK Corporation Tax rate have been announced, reducing the rate to 21% and 20% from 1 April 2014 and 1 April 2015 respectively. These changes were not substantially enacted at the balance sheet date and, therefore, have not been recognised in these financial statements.



**BLUEFIN INSURANCE SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****9. INTANGIBLE ASSETS**

	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2012	16,406,545
Additions	432,270
Adjustments	-
At 31 December 2012	<u>16,838,815</u>
<b>Amortisation</b>	
At 1 January 2012	5,704,978
Charge	841,897
At 31 December 2012	<u>6,546,875</u>
<b>Net book value</b>	
At 31 December 2012	<u>10,291,940</u>
At 31 December 2011	<u>10,701,567</u>

On 31 December 2012, BBPS Limited transferred several books of business to Bluefin Insurance Services Limited for a total consideration of £432,270, which is included within inter-company creditors at 31 December 2012. In the opinion of the directors, the valuation reflects a fair market value.

## BLUEFIN INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 10. TANGIBLE ASSETS

	Freehold property £	Short leasehold property £	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
<b>Cost or Valuation</b>						
At 1 January 2012	935 226	1,222 522	2,651,692	4,693,452	1,522 467	11,025,359
Additions	-	332,543	440 631	450,327	758,404	1,981,905
Disposals	-	(9,313)	(91 304)	(183,193)	(714,820)	(998,630)
At 31 December 2012	935,226	1,545,752	3,001,019	4,960,586	1,566,051	12,008,634
<b>Depreciation</b>						
At 1 January 2012	208,882	670,012	1,819,256	3,315,008	685 057	6,698,215
Charge	19,085	215,691	280,221	627 151	252,235	1,394,383
Disposals	-	(8,395)	(60,538)	(183,069)	(419,901)	(671,903)
At 31 December 2012	227,967	877,308	2,038,939	3,759,090	517 391	7,420 695
<b>Net book value</b>						
At 31 December 2012	707 259	668,444	962 080	1,201 496	1,048,660	4,587,939
At 31 December 2011	726,344	552,510	832,436	1,378,444	837,410	4,327,144

As stated in the accounting policies, the Company carries freehold property at its 30 April 2000 revalued amount

If stated under the historical cost convention the freehold property would be as follows

	2012 £	2011 £
Cost	730,547	730,547
Net book value	553 049	567,630

**BLUEFIN INSURANCE SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****11. INVESTMENTS**

	<b>Subsidiaries £</b>
At 1 January 2012	39,170
Disposals	(39,170)
At 31 December 2012	<u>-</u>

A full list of the companies' subsidiary undertakings are shown below

<b>Subsidiary</b>	<b>Principal activity</b>	<b>Country of incorporation and registration</b>	<b>Shares held Class      %</b>
Mandroyds Limited	Insurance Broking & Consultancy	England and Wales	Ordinary      100

During the year, the subsidiary company was dissolved

**12 DEBTORS**

	<b>2012 £</b>	<b>2011 £</b>
Trade debtors Insurance broking account	35,171,024	45,483,931
Amounts owed by group undertakings	43,085,658	42,265,455
Other debtors	3,617,961	3,571,823
Prepayments and accrued income	2,535,533	2,359,363
Deferred tax (note 16)	1,903,315	1,527,358
	<u>86,313,490</u>	<u>95,207,930</u>

Amounts owed by fellow subsidiary undertakings are unsecured, interest free, and are repayable on demand

**BLUEFIN INSURANCE SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****13 CASH AT BANK AND IN HAND**

	2012 £	2011 £
Insurance broking accounts	61,590,668	63,957,524
Office accounts	35,947,855	14,505,047
Petty cash	6,791	8,073
	<u>97,545,314</u>	<u>78,470,644</u>

**14. CREDITORS: amounts falling due within one year**

	2012 £	2011 £
Trade creditors		
Insurance broking account	77,489,803	88,216,660
Other	392,528	151,645
Amounts owed to group undertakings	41,150,613	31,084,540
Corporation tax	951,651	2,425,315
Other tax and social security	1,348,761	1,466,535
Other creditors	4,398,745	5,088,043
Accruals and deferred income	2,322,779	2,193,455
	<u>128,054,880</u>	<u>130,626,193</u>

Amounts owed to group companies are unsecured, interest free, and are repayable on demand

**15 CREDITORS: amounts falling due after more than one year**

	2012 £	2011 £
Amounts owed to group undertakings	<u>35,758,810</u>	<u>24,324,086</u>

The amounts owed to group undertakings is interest free and repayable in full or in part on 12 months notice

**BLUEFIN INSURANCE SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****16. PROVISIONS FOR LIABILITIES AND CHARGES**

	Provision for dilapidations £	Claims servicing provision £	Professional indemnity provisions £	Other provisions	Total £
At 1 January 2012	1,665,704	590,119	399,645	62,230	2,717,698
Utilised	(13,000)	-	(157,318)	-	(170,318)
Created	-	(33)	180,111	-	180,078
Released	-	-	25,763	(209,710)	(183,947)
Reclassified	(579,051)	46,100	-	532,951	-
At 31 December 2012	<u>1,073,653</u>	<u>636,186</u>	<u>448,201</u>	<u>385,471</u>	<u>2,543,511</u>

The deferred tax asset comprises

	Provided 2012 £	Provided 2011 £	Not provided 2012 £	Not provided 2011 £
Capital allowances less than depreciation	(1,419,425)	(1,214,041)	-	-
Other timing differences	(483,890)	(313,317)	-	-
	<u>(1,903,315)</u>	<u>(1,527,358)</u>	<u>-</u>	<u>-</u>

	2012 £	2011 £
Provision as at 1 January	(1,527,358)	(1,669,180)
Deferred tax credit in period	(375,957)	141,822
Provision as at 31 December	<u>(1,903,315)</u>	<u>(1,527,358)</u>

**BLUEFIN INSURANCE SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****17 PENSION COSTS**

The Company bears the total cost of a defined contribution pension scheme for all eligible employees (note 1(d)). The Company took over the role in 2010 of principal employer and now operates a defined benefit pension scheme (Chambers and Newman Pension Scheme) that is closed to new members. The following disclosure relates to this defined benefit scheme. A full actuarial valuation was carried out at 1 January 2009, and updated to 31 December 2011 by a qualified independent actuary to take account of the requirements of FRS 17 and to assess the liabilities of the scheme at 31 December 2011. Scheme assets are stated at their market values at respective balance sheet dates. The directors deem it appropriate, in arriving at the scheme valuation, to adjust the 1990 mortality tables to take account of the specific circumstances of the scheme members.

**The major assumptions used by the actuary were:**

	<b>2012</b>	<b>2011</b>
	<b>%</b>	<b>%</b>
Rate of increase of pensions payment	5.00%	5.00%
Discount rate	4.30%	4.70%
Expected return on plan assets	6.40%	6.60%
Inflation assumption	<u>3.10%</u>	<u>3.10%</u>

The Company expects to contribute £416,000 in 2013.

**Mortality assumptions**

Investigations have been carried out within the past three years into the mortality experience of the Chambers and Newman Pension Scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 62 are:

	<b>2012</b>	<b>2011</b>
	<b>years</b>	<b>years</b>
Life expectancy at age 62 for current pensioners		
- Men	86.5	85.5
- Women	88.7	88.1
Life expectancy at age 62 for future pensioners		
- Men	87.0	86.8
- Women	89.5	89.1

**BLUEFIN INSURANCE SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****17 PENSION COSTS (CONTINUED)**

The assets in the scheme and the expected rates of return were:

	<b>Chambers &amp; Newman Pension Scheme</b>			
	Long term		Long term	
	rate of return	Value	rate of return	Value
	expected	2012	expected	2011
	%	£	%	£
Equities	8.1%	1,905,360	8.1%	1,162,000
Bonds	4.8%	1,508,410	4.7%	779,000
Other	4.6%	158,780	6.1%	1,332,000
Cash	3.0%	4,366,450	6.6%	4,205,000
Total Market Value of assets		7,939,000		7,478,000
Present Value of Scheme liabilities		(11,011,000)		(10,524,000)
Deficit in scheme		(3,072,000)		(3,046,000)
Related deferred tax asset		706,560		761,500
Net pension liability		(2,365,440)		(2,284,500)

**Reconciliation of present value of scheme liabilities**

	<b>Chambers &amp; Newman Pension Scheme</b>	
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
As at 1st January 2012	10,524,000	9,494,000
Current service cost	-	-
Past Service cost	-	-
Interest cost	485,000	501,000
Benefits paid	(414,000)	(436,000)
Actuarial losses	416,000	965,000
As at 31st December 2012	11,011,000	10,524,000

**BLUEFIN INSURANCE SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****17 PENSION COSTS (Continued)****Reconciliation of fair value of scheme assets**

	Chambers & Newman Pension Scheme	
	2012	2011
	£	£
As at 1 January 2012	7 478,000	7,655,000
Expected return on scheme assets	488,000	566,000
Actuarial profits /(losses)	140 000	(516,000)
Contributions payable	247,000	209,000
Benefits paid	(414,000)	(436,000)
<b>As at 31 December 2012</b>	<b>7,939 000</b>	<b>7,478,000</b>

The Company expects to contribute £416,000 to the Chambers and Newman defined benefit plan in 2013

**Analysis of the amount charged to profit and loss is as follows**

	Chambers & Newman Pension Scheme	
	2012	2011
	£	£
Interest on pension scheme liabilities	485,000	501 000
Expected return on pension scheme assets	(488,000)	(566 000)
<b>Total</b>	<b>(3,000)</b>	<b>(65,000)</b>

**Actuarial Gains and Losses**

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £1,693,520 (2011 £1 481,000)

**Amounts for current and previous four years**

	Chambers & Newman Pension Scheme				
	2012	2011	2010	2009	2008
	£	£	£	£	£
Defined benefit obligation	(11,011,000)	(10 524,000)	-	-	-
Plan assets	7 939 000	7,478,000	-	-	-
Surplus / (deficit)	(3,072,000)	(3,046,000)	-	-	-
Experience adjustments on plan assets amount	(381 000)	(516,000)	-	-	-
Experience adjustments on plan liabilities amount	140,000	-	-	-	-
<b>Total amount recognised in statement of total recognised gains and losses</b>	<b>(1,693,520)</b>	<b>(1,481,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>



**BLUEFIN INSURANCE SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****18 CALLED-UP SHARE CAPITAL**

	2012 £	2011 £
<b>Allotted, called-up and fully-paid:</b>		
500 (2011 500) ordinary shares of £1 each	<u>500</u>	<u>500</u>

**19. RESERVES**

	Profit and loss account £	Revaluation reserve £	Total £
At 1 January 2012	28,638,883	154,594	28 793,477
Retained profit for the year	1,434,587	-	1 434,587
Actuarial Loss on pension scheme deficit	(276 000)	-	(276,000)
Deferred tax movements in relation to pension scheme deficit	63,480	-	63,480
At 31 December 2012	<u>29,860,950</u>	<u>154,594</u>	<u>30,015,544</u>

**20. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	2012 £	2011 £
Profit for the financial year	1,434,587	73,977
Actuarial Loss on pension scheme deficit	(276,000)	(1 481 000)
Deferred tax movements in relation to pension scheme deficit	63,480	370,250
Net addition to/(reduction in) equity shareholders' funds	<u>1,222,067</u>	<u>(1,036,773)</u>
Opening equity shareholders' funds	28,793,977	29,830,750
Closing equity shareholders' funds	<u>30,016,044</u>	<u>28 793,977</u>

**21 OPERATING LEASE COMMITMENTS**

At 31 December 2012, the Company had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings 2012	Vehicles, plant and equipment 2012 £	Land and buildings 2011	Vehicles, plant and equipment 2011 £
Leases which expire				
Within one year	939,219	1,648	326,877	26,383
Within two to five years	1 881 172	-	2 349 568	1,543
After five years	198 230	-	372,169	-
	<u>3 018,621</u>	<u>1,648</u>	<u>3,048,614</u>	<u>27,926</u>

**BLUEFIN INSURANCE SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**22 RELATED PARTY TRANSACTIONS**

During the year, in the ordinary course of business, the Company traded with AXA Insurance UK plc commissions of £15,171,889 (2011 £14,527,083) At the year end £9,180,298 (2011 £9,189,578) was due to AXA Insurance UK plc which is included within creditors due within one year

The company incurred exceptional management charges from AXA Insurance UK plc totalling £16,500,000 (2011 £11,500,000) during the year At the year end £28,000,000 was still outstanding (2010 £11,500,000) This amount is included within creditors due within one year

During the year, the Company received management recharges from BBPS Limited of £975,948 (2011 £671,528) At the year end £347,376 was outstanding (2011 £671,528) which is included within inter-company debtors

During the year, in the ordinary course of business, the Company traded with AXA PPP Healthcare Limited assurance premiums of £362,941 (2011 £410,478) At the year end £nil (2010 £19,206) was due to AXA PPP Healthcare Limited which is included within creditors due within one year

**23. CONSOLIDATION**

The financial statements present information about the Company as an individual undertaking and not about its group The Company has not prepared group financial statements 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 Bluefin Insurance Group Limited, a Company incorporated in United Kingdom, and is included in the consolidated financial statements of that Company

**24 ULTIMATE PARENT COMPANY**

The Company's immediate parent is Bluefin Insurance Group Limited, a company incorporated in Great Britain and registered in England and Wales

In the opinion of the directors, the Company's ultimate parent and controlling company is AXA, a company incorporated in France The parent undertaking of the largest group which includes the Company and for which group financial statements are prepared is AXA Copies of the AXA Group financial statements can be obtained from 23, avenue Matignon, 75008 Paris, France

The parent undertaking of the smallest group which includes the Company and for which group financial statements are prepared is Bluefin Insurance Group Limited, a company registered in England Copies of the Bluefin Insurance Group Limited financial statements can be obtained from 5 Old Broad Street, London EC2N 1AD