

Registered Number 931954

BLUEFIN INSURANCE SERVICES LIMITED

Directors' Report and Financial Statements

for the year ended 31 December 2013

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

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BLUEFIN INSURANCE SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS

Mr. S C Reid
Mrs. J A Bean
Mr. M A Bruce
Mr T Philip
Mr. G Boden (Non Executive Director)
Mr. E Galbraith (Non Executive Director)

COMPANY SECRETARY

Mr. J P Small

INDEPENDENT AUDITORS

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

BLUEFIN INSURANCE SERVICES LIMITED

STRATEGIC REPORT

The directors present their strategic report on Bluefin Insurance Services Limited (the "Company") for the year ended 31 December 2013.

REVIEW OF THE BUSINESS

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

Results and performance

The Company's loss for the year after taxation amounted to £2,762,710 (2012: profit £1,434,587).

Business environment

Despite indications of the green shoots of recovery, the business continues to operate in a very tough market. Competition for business remains extremely strong across all aspects of our business.

The Insurance market remains fragmented with over 3,000, mostly small, brokers. Although there will be a degree of rationalisation of brokers the outlook remains stable for the market.

Strategy

Bluefin's continuing strategy remains three pronged.

1. Organic growth - the company is investing time and resources in promoting organic growth within the company.
2. Acquisitions - Bluefin remain in the market for acquisitions that complement it's core operations.
3. MGA - The Group continues to develop its MGA proposition and expects to start operations in the very near future.

Key performance indicators (KPIs)

One of the Company's main performance indicators is EBITDAE (Earnings before interest, tax, depreciation, amortisation and exceptional items). EBITDAE has decreased from £22.0m in 2012 to £21.3m in 2013.

BLUEFIN INSURANCE SERVICES LIMITED

STRATEGIC REPORT

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.

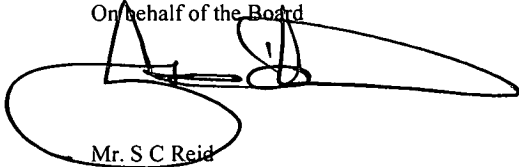
The key regulations which affect the Company are those set by the Financial Conduct Authority (FCA). The Company monitors developments in the regulatory environment so that it can be aware of any changes, and act in a timely and efficient manner in order to comply with any new regulations. The Company 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 FCA 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.

FUTURE DEVELOPMENTS

As mentioned previously, Bluefin continues to concentrate on its three pronged strategy. Leads on acquisitions remain strong and further developments in this area are expected in the near future.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'S C Reid', written over a horizontal line. The signature is stylized with a large loop at the end.

Mr. S C Reid
Director
9 September 2014

BLUEFIN INSURANCE SERVICES LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial services for the year ended 31 December 2013.

FUTURE DEVELOPMENTS

Future developments are discussed in the strategic report.

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 director's 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.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2013 (2012: £nil).

DIRECTORS

The directors of the Company who were in office during the year and up to the date of approval of the financial statements are shown on page 1. The directors who have served for part of the year are given below:

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.

Mr. E Galbraith was appointed as a Non-Executive director of the Company on 31 July 2013.

Mr A.K. Parsons resigned as a Director of the Company on 31 December 2013.

Directors' qualifying third party and pension scheme indemnify provisions

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.

The indemnification was in force during the year and at the date of approval of the financial statements.

BLUEFIN INSURANCE SERVICES LIMITED

DIRECTORS' REPORT

EMPLOYEES

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.

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 £85,047 (2012: £4,479), principally to local charities serving the communities in which the Company operates.

POST BALANCE SHEET EVENTS

The Company has no post balance sheet events which require disclosure.

BLUEFIN INSURANCE SERVICES LIMITED

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic and 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 director in office at the date the directors' report is approved confirms that:

- a) so far as he/she is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) he/she has taken all the steps he/she ought to have taken as directors in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board



Mr. S C Reid
Director
9 September 2014

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

We have audited the financial statements of Bluefin Insurance Services Limited for the year ended 31 December 2013 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 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

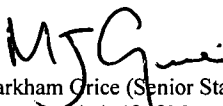
BLUEFIN INSURANCE SERVICES LIMITED

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

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.


Markham Price (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditors

9 September 2014

BLUEFIN INSURANCE SERVICES LIMITED**PROFIT & LOSS ACCOUNT**
for the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	2	114,063,869	115,171,835
Cost of sales		(20,662,133)	(19,625,561)
Gross profit		<u>93,401,736</u>	<u>95,546,274</u>
Administrative expenses before exceptional item	5	(75,640,173)	(77,965,282)
Exceptional management charge	5	(21,300,000)	(16,500,000)
Total administrative expenses		<u>(96,940,173)</u>	<u>(94,465,282)</u>
Operating (loss)/profit	4	<u>(3,538,437)</u>	<u>1,080,992</u>
Interest receivable and similar income	6	620,037	1,254,746
Interest payable and similar charges	7	-	(215,115)
(Loss)/profit on ordinary activities before taxation		<u>(2,918,400)</u>	<u>2,120,623</u>
Tax on (loss)/profit on ordinary activities	8	155,690	(686,036)
Retained (loss)/profit for the year	18	<u>(2,762,710)</u>	<u>1,434,587</u>
EBITDAE		<u>21,255,195</u>	<u>21,957,114</u>

BLUEFIN INSURANCE SERVICES LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
for the ended 31 December 2013

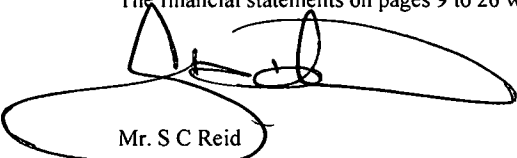
	Note	2013 £	2012 £
Retained (loss)/profit for the year		(2,762,710)	1,434,587
Actuarial profit/ (loss) relating to the pension sc	16	422,000	(276,000)
Deferred tax movement in relation to pension scheme deficit	16	(84,400)	63,480
Retained (losses) and gains relating to the year		<u>(2,425,110)</u>	<u>1,222,067</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 2013

	Note	2013 £	2012 £
Fixed assets			
Intangible assets	9	9,458,810	10,291,940
Tangible assets	10	7,469,944	4,587,939
		<u>16,928,754</u>	<u>14,879,879</u>
Current assets			
Debtors	11	53,706,303	86,313,490
Cash at bank and in hand	12	62,266,930	97,545,313
		<u>115,973,233</u>	<u>183,858,803</u>
Creditors: amounts falling due within one year	13	(101,854,474)	(128,054,880)
Net current assets		<u>14,118,759</u>	<u>55,803,923</u>
Total assets less current liabilities		31,047,514	70,683,802
Creditors: amounts falling due after more than one year	14	-	(35,758,807)
Provisions for liabilities & charges	15	(1,690,980)	(2,543,511)
Net assets excluding pension liability		<u>29,356,534</u>	<u>32,381,484</u>
Pension liability	16	(1,765,600)	(2,365,440)
Total net assets		<u>27,590,934</u>	<u>30,016,044</u>
Capital & reserves			
Called-up share capital	17	500	500
Revaluation reserve	18	154,594	154,594
Profit and loss account	18	27,435,840	29,860,950
Total equity shareholders' funds	19	<u>27,590,934</u>	<u>30,016,044</u>

The financial statements on pages 9 to 26 were approved by the Board on and were signed on its behalf by:



Mr. S C Reid

Director

9 September 2014

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

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)**

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)**(l) 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.

(m) 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 Report of the Directors. The financial position of the company, its cash flows, liquidity position and borrowing facilities are also described in the Report of the Directors and the financial statements. These financial statements also outline the company's objectives, policies and procedures for managing capital; its financial risk management objectives; details of financial instruments; its exposure to credit risk and liquidity.

The company has sufficient financial resources together with clearly defined performance objectives. It has the strong support of its bankers, parent company and other providers of funds in working towards meeting its financial objectives. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

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

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

	2013 £	2012 £
Directors' remuneration		
Emoluments inclusive of benefits in kind	307,481	1,526,423
Pension contributions	22,185	67,200
	<u>329,666</u>	<u>1,593,623</u>
Emoluments of highest paid director	<u>158,405</u>	<u>552,178</u>
Pension contributions of highest paid director	<u>6,885</u>	<u>-</u>
Directors compensation for loss of office	<u>-</u>	<u>-</u>

No director exercised options during the year (2012 - None).

	No.	No.
The number of directors for whom the Company has made pension contributions:		
Defined contribution scheme	<u>2</u>	<u>4</u>
Average number of persons employed	<u>1,263</u>	<u>1,275</u>

	2013 £	2012 £
Staff costs during the year (including directors, excluding benefits in kind)		
Wages and salaries	45,224,895	47,301,035
Social security costs	4,406,854	4,948,301
Pension costs	2,340,659	1,908,201
	<u>51,972,408</u>	<u>54,157,537</u>

Staff costs include exceptional restructuring costs (note 5).

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

	2013	2012
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation – owned assets	1,736,056	1,394,383
Loss on disposal of investments	-	39,170
Loss on disposal of fixed assets	133,020	12,953
Amortisation of goodwill	833,130	841,897
Operating lease rentals – land & buildings	3,988,534	3,844,190
– other	22,954	74,561
Auditors' remuneration – audit fees	-	-
	<u>-</u>	<u>-</u>

2013 Audit fees have been borne by Bluefin Insurance Group Limited, a group company.

5. EXCEPTIONAL ITEMS

	2013	2012
	£	£
Operating profit is stated after charging:		
Restructuring costs	934,804	1,724,794
	<u>934,804</u>	<u>1,724,794</u>

The Company incurred exceptional management charges from AXA Insurance UK Plc totalling £21,300,000 (2012: £16,500,000) 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 £934,804 (2012: £1,724,794) relating to this restructuring.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013	2012
	£	£
Defined benefit pension scheme finance credit (note 17)	43,000	168,885
Bank interest receivable	577,037	1,085,861
	<u>620,037</u>	<u>1,254,746</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£	£
Bank overdraft interest payable	-	215,115
Other Short Term Interest	-	-
	<u>-</u>	<u>215,115</u>

BLUEFIN INSURANCE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2013	2012
	£	£
Analysis of tax charge in period		
UK tax based on the (loss)/profit for the year	(238,488)	1,215,852
Over provision in previous years	(40,232)	(272,279)
	<u>(278,720)</u>	<u>943,573</u>
Deferred tax – timing differences	(57,730)	(406,305)
– adjustment in respect of prior years	-	30,348
	<u>(57,730)</u>	<u>(375,957)</u>
– adjustment in respect of pension scheme	180,760	118,420
	<u>(155,690)</u>	<u>686,036</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 23.25% (31 December 2012: 24.5%). The current tax charge for the year is greater than 23.25% (31 December 2012: greater than 24.5%) for the reasons set out in the following reconciliation:

(Loss)/profit on ordinary activities before tax	<u>(2,918,400)</u>	<u>2,120,623</u>
Tax on (loss)/profit on ordinary activities at standard rate	(678,528)	519,553
Factors affecting charge:		
Expenses not deductible	187,324	197,175
Other timing differences	(150,439)	179,700
Capital allowances less than depreciation	403,155	319,424
Prior year adjustment	(40,232)	(272,279)
Current tax (credit)/charge for the year	<u>(278,720)</u>	<u>943,573</u>

During the year, as a result of the changes in the UK corporation tax rate, from 23% to 21% (effective from 1 April 2014) and from 21% to 20% (effective from 1 April 2015), that were enacted in Finance Act 2013, the relevant deferred tax balances have been re-measured on this basis.

BLUEFIN INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. INTANGIBLE ASSETS

	Goodwill £
Cost	
At 1 January 2013	16,838,815
Additions	-
Adjustments	-
At 31 December 2013	<u>16,838,815</u>
Amortisation	
At 1 January 2013	6,546,875
Charge	833,130
At 31 December 2013	<u>7,380,005</u>
Net book value	
At 31 December 2013	<u>9,458,810</u>
At 31 December 2012	<u>10,291,940</u>

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 £
Cost or Valuation						
At 1 January 2013	935,226	1,545,752	3,001,019	4,960,586	1,566,051	12,008,634
Additions	3,864	909,551	455,121	3,114,475	576,239	5,059,250
Disposals	-	(222,393)	(837,448)	(128,890)	(652,714)	(1,841,445)
At 31 December 2013	939,090	2,232,910	2,618,692	7,946,171	1,489,576	15,226,439
Depreciation						
At 1 January 2013	227,967	877,308	2,038,939	3,759,090	517,391	7,420,695
Charge	19,130	237,882	281,029	897,029	300,986	1,736,056
Disposals	-	(160,223)	(788,827)	(119,719)	(331,487)	(1,400,257)
At 31 December 2013	247,097	954,967	1,531,141	4,536,400	486,890	7,756,495
Net book value						
At 31 December 2013	691,993	1,277,944	1,087,551	3,409,771	1,002,686	7,469,944
At 31 December 2012	707,259	668,444	962,080	1,201,496	1,048,660	4,587,939

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:

	2013 £	2012 £
Cost	734,411	730,547
Net book value	542,332	553,049

11. DEBTORS

	2013 £	2012 £
Amounts due in less than one year		
Trade debtors: Insurance broking account	34,971,101	35,171,023
Amounts owed by group undertakings	8,027,710	43,085,658
Other debtors	6,263,614	3,617,961
Prepayments and accrued income	2,204,112	2,535,533
Deferred tax (note 16)	1,961,046	1,903,315
Corporation tax	278,720	-
	53,706,303	86,313,490

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)****12. CASH AT BANK AND IN HAND**

	2013 £	2012 £
Insurance broking accounts	51,841,289	61,590,668
Office accounts	10,416,760	35,947,855
Petty cash	8,881	6,791
	<u>62,266,930</u>	<u>97,545,314</u>

13. CREDITORS: amounts falling due within one year

	2013 £	2012 £
Trade creditors:		
Insurance broking account	68,529,896	77,489,803
Other	391,550	392,528
Amounts owed to group undertakings	25,961,357	41,150,613
Corporation tax	-	951,651
Other tax and social security	1,821,910	1,348,761
Other creditors	3,583,175	4,398,745
Accruals and deferred income	1,566,587	2,322,779
	<u>101,854,474</u>	<u>128,054,880</u>

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

14. CREDITORS: amounts falling due after more than one year

	2013 £	2012 £
Amounts owed to group undertakings	<u>-</u>	<u>35,758,807</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)****15. PROVISIONS FOR LIABILITIES AND CHARGES**

	Provision for dilapidations £	Claims servicing provision £	Professional indemnity provisions £	Other provisions	Total £
At 1 January 2013	1,073,653	636,186	448,201	385,471	2,543,511
Utilised	(166,920)	-	(107,034)	(385,471)	(659,425)
Created	354,035	89,238	280,000	-	723,273
Released	(396,925)	(293,287)	(226,167)	-	(916,379)
Reclassified	-	-	-	-	-
At 31 December 2013	<u>863,843</u>	<u>432,137</u>	<u>395,000</u>	<u>-</u>	<u>1,690,980</u>

The deferred tax asset comprises:

	Provided 2013 £	Provided 2012 £	Not provided 2013 £	Not provided 2012 £
Capital allowances less than depreciation	(1,581,083)	(1,419,425)	-	-
Other timing differences	(379,963)	(483,890)	-	-
	<u>(1,961,046)</u>	<u>(1,903,315)</u>	<u>-</u>	<u>-</u>

	2013 £	2012 £
Provision as at 1 January	(1,903,315)	(1,527,358)
Deferred tax credit in period	(57,731)	(375,957)
Provision as at 31 December	<u>(1,961,046)</u>	<u>(1,903,315)</u>

BLUEFIN INSURANCE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****16. 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:

	2013	2012
	%	%
Rate of increase of pensions payment	5.00%	5.00%
Discount rate	4.50%	4.30%
Expected return on plan assets	6.80%	6.40%
Inflation assumption	<u>3.30%</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:

	2013	2012
	years	years
Life expectancy at age 62 for current pensioners:		
- Men	86.2	86.5
- Women	88.6	88.7
Life expectancy at age 62 for future pensioners:		
- Men	86.5	87.0
- Women	89.4	89.5

BLUEFIN INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. PENSION COSTS (CONTINUED)

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

	Chambers and Newman Pension Scheme			
	Long term rate of return expected	Value	Long term rate of return expected	Value
	2013	2013	2012	2012
	%	£	%	£
Equities	3.3%	1,533,780	8.1%	1,905,360
Bonds	-	-	4.8%	1,508,410
Other	-	-	4.6%	158,780
Cash	0.5%	6,987,220	3.0%	4,366,450
Total Market Value of assets		8,521,000		7,939,000
Present Value of Scheme liabilities		(10,728,000)		(11,011,000)
Deficit in scheme		(2,207,000)		(3,072,000)
Related deferred tax asset		441,400		706,560
Net pension liability		(1,765,600)		(2,365,440)

Reconciliation of present value of scheme liabilities

	Chambers and Newman Pension Scheme	
	2013	2012
	£	£
As at 1 January	11,011,000	10,524,000
Current service cost	-	-
Past Service cost	-	-
Interest cost	464,000	485,000
Benefits paid	(434,000)	(414,000)
Actuarial losses	(313,000)	416,000
As at 31 December	10,728,000	11,011,000

BLUEFIN INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. PENSION COSTS (Continued)

Reconciliation of fair value of scheme assets

	Chambers and Newman Pension Scheme	
	2013	2012
	£	£
As at 1 January 2013	7,939,000	7,478,000
Expected return on scheme assets	507,000	488,000
Actuarial profits /(losses)	109,000	140,000
Contributions payable	400,000	247,000
Benefits paid	(434,000)	(414,000)
As at 31 December 2013	8,521,000	7,939,000

The Company expects to contribute £416,000 to the Chambers and Newman defined benefit plan in 2014.

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

	Chambers and Newman Pension Scheme	
	2013	2012
	£	£
Interest on pension scheme liabilities	464,000	485,000
Expected return on pension scheme assets	(507,000)	(488,000)
Total	(43,000)	(3,000)

Actuarial Gains and Losses

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £422,000 (2012: (£212,520)).

Amounts for current and previous four years

	Chambers & Newman Pension Scheme				
	2013	2012	2011	2010	2009
	£	£	£	£	£
Defined benefit obligation	(10,728,000)	(11,011,000)	(10,524,000)	-	-
Plan assets	8,521,000	7,939,000	7,478,000	-	-
Surplus / (deficit)	(2,207,000)	(3,072,000)	(3,046,000)	-	-
Experience adjustments on plan assets amount	-	(381,000)	(516,000)	-	-
Experience adjustments on plan liabilities amount	109,000	140,000	-	-	-
Total amount recognised in statement of total recognised gains and losses	422,000	(276,000)	(1,481,000)	-	-

BLUEFIN INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. CALLED-UP SHARE CAPITAL

	2013	2012
	£	£
Allotted, called-up and fully-paid:		
500 (2012: 500) ordinary shares of £1 each	500	500

18. RESERVES

	Profit and loss account	Revaluation reserve	Total
	£	£	£
At 1 January 2013	29,860,950	154,594	30,015,544
Retained loss for the year	(2,762,710)	-	(2,762,710)
Actuarial Loss on pension scheme deficit	422,000	-	422,000
Deferred tax movements in relation to pension scheme deficit	(84,400)	-	(84,400)
At 31 December 2013	27,435,840	154,594	27,590,434

19. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2013	2012
	£	£
(Loss)/profit for the financial year	(2,762,710)	1,434,587
Actuarial Loss on pension scheme deficit	422,000	(276,000)
Deferred tax movements in relation to pension scheme deficit	(84,400)	63,480
Net (reduction in)/addition to equity shareholders' funds	(2,425,110)	1,222,067
Opening equity shareholders' funds	30,016,044	28,793,977
Closing equity shareholders' funds	27,590,934	30,016,044

20. OPERATING LEASE COMMITMENTS

At 31 December 2013, the Company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings 2013	Vehicles, plant and equipment 2013	Land and buildings 2012	Vehicles, plant and equipment 2012
		£		£
Leases which expire:				
Within one year	374,386	-	939,219	1,648
Within two to five years	2,253,775	-	1,881,172	-
After five years	95,009	-	198,230	-
	2,723,170	-	3,018,621	1,648

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

21. RELATED PARTY TRANSACTIONS

During the year, in the ordinary course of business, the Company traded with AXA Insurance UK plc commissions of £12,690,631 (2011: £15,171,889). 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 £21,300,000 (2012: £16,500,000) during the year. At the year end £14,300,000 was still outstanding (2012: £28,000,000). This amount is included within creditors due within one year.

During the year, the Company received management recharges from BBPS Limited of £1,151,874 (2012: £975,948). At the year end £1,499,250 was outstanding (2012: £347,376) 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 £408,275 (2012: £362,941). At the year end £nil (2012: £nil) was due to AXA PPP Healthcare Limited which is included within creditors due within one year.

22. 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.

23. 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.