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**SMART & COOK FINANCIAL SERVICES LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2007**

(Company Registration Number 1191296)

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COMPANIES HOUSE

# **SMART & COOK FINANCIAL SERVICES LIMITED**

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# **SMART & COOK FINANCIAL SERVICES LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

**31 DECEMBER 2007**

### **DIRECTORS**

Mr P Newell	(Managing)
Mr S C Reid	(Appointed 25 January 2008)
Mr P C Meehan, FCII	(Resigned 25 January 2008)
Mr I L Shay, ACA	(Resigned 31 August 2007)
Mr I G Story, FCCA	
Mr G C Bradford	(Appointed 18 February 2008, Resigned 30 June 2008)

### **SECRETARY**

Mr I L Shay, ACA	(Resigned 31 August 2007)
Mrs L McDonell, LLB	(Appointed 1 September 2007)

### **REGISTERED OFFICE**

4 – 6 Ripon Road  
Harrogate  
HG1 2HH

### **BANKERS**

The Royal Bank of Scotland  
7 Cambridge Crescent  
Harrogate  
HG1 1PH

### **SOLICITORS**

Pinsent Masons  
1 Park Row  
Leeds  
LS1 5AB

### **AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants  
Hay's Galleria  
1 Hays Lane  
London  
SE1 2RD

## **SMART & COOK FINANCIAL SERVICES LIMITED**

### **DIRECTORS' REPORT**

**31 DECEMBER 2007**

The directors present their report and the audited financial statements for the eight month period ended 31 December 2007

### **PRINCIPAL ACTIVITIES**

The principal activities of the company during the year continued to be those of life assurance and pensions consultants and independent financial advisers

### **REVIEW OF BUSINESS**

So as to fall in line with the new group structure the year end has been changed to 31 December

The Company has traded satisfactorily during the period

### **FUTURE DEVELOPMENTS**

The directors are optimistic about the long term future prospects

### **PROFITS AND DIVIDENDS**

The profit for the period after taxation amounted to £193,879 (eight month period to 31 December 2006 £379,177)

No dividend was paid or proposed in the current period or preceding year

The Directors recommend that the profit be transferred to reserves

### **DIRECTORS**

The directors who have served at any time since 1 May 2007 are shown on page 1

Directors & Officers insurance has been maintained throughout the period

### **ACQUISITIONS**

On 31 October 2007 the company bought the trade and assets of Talbot Financial Services Limited, based in Kendal

### **STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

## SMART & COOK FINANCIAL SERVICES LIMITED

### DIRECTORS' REPORT (CONTINUED)

31 DECEMBER 2007

#### AUDITORS

Deloitte & Touche LLP tendered their resignation as auditors of the company during the period and the directors subsequently appointed PricewaterhouseCoopers LLP

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they will be reappointed will be proposed at the annual general meeting

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



Mrs L McDonnell  
Secretary

9 October 2008

## **SMART & COOK FINANCIAL SERVICES LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**31 DECEMBER 2007**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMART & COOK FINANCIAL SERVICES LIMITED**

We have audited the financial statements of Smart & Cook Financial Services Limited for the period ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein. The financial statements of the Company as of 30 April 2007, were audited by another auditor whose report dated 10 January 2008, expressed an unqualified opinion on those statements.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statements of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

*continued on page 6*

**INDEPENDENT AUDITORS' REPORT TO  
THE MEMBERS OF SMART & COOK FINANCIAL SERVICES LIMITED (CONTINUED)**

*continued from page 5*

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

*PricewaterhouseCoopers LLP*

*PricewaterhouseCoopers LLP*

*Chartered Accountants and Registered Auditors*

*London*

*9 October 2008*



# SMART & COOK FINANCIAL SERVICES LIMITED

## PROFIT & LOSS ACCOUNT

31 DECEMBER 2007

	Note	8 Months to 31 December 2007 £	12 Months to 30 April 2007 £
<b>TURNOVER</b>	1	1,798,063	2,895,598
Administrative expenses		(1,506,578)	(2,396,710)
<b>Operating profit</b>	3	<u>291,485</u>	<u>498,888</u>
Interest payable and similar charges	4	(383)	(878)
<b>Profit on ordinary activities before taxation</b>		<u>291,102</u>	<u>498,010</u>
Tax on profit on ordinary activities	5	(97,223)	130,505
<b>Retained profit for the period/year</b>	13	<u><u>193,879</u></u>	<u><u>628,515</u></u>

All activities relate to continuing operations

It has not been possible to split out the performance of acquisitions made during the period/year

There are no recognised gains and losses for the current financial period or preceding financial year other than as stated in the profit and loss account

# SMART & COOK FINANCIAL SERVICES LIMITED

## BALANCE SHEET

31 DECEMBER 2007

	Note	31 December 2007 £	30 April 2007 £
<b>Fixed assets</b>			
Intangible assets	6	847,041	496,179
Tangible assets	7	<u>69,469</u>	<u>78,969</u>
		<u>916,510</u>	<u>575,148</u>
<b>Current assets</b>			
Debtors	8	3,018,629	3,445,020
Cash at bank and in hand	9	<u>1,008,857</u>	<u>514,666</u>
		<u>4,027,486</u>	<u>3,959,686</u>
<b>Creditors: amounts falling due within one year</b>	10	3,013,717	2,870,035
<b>Net current assets</b>		<u>1,013,769</u>	<u>1,089,651</u>
<b>Total assets less current liabilities</b>		1,930,279	1,664,799
<b>Provisions for liabilities &amp; charges</b>	11	114,830	43,229
<b>Total net assets</b>		<u>1,815,449</u>	<u>1,621,570</u>
<b>Capital &amp; reserves</b>			
Called-up share capital	12	401,000	401,000
Profit and loss account	13	1,414,449	1,220,570
<b>Total equity shareholders' funds</b>	14	<u>1,815,449</u>	<u>1,621,570</u>

These financial statements were approved by the Board of Directors on 9 October 2008

Signed on behalf of the Board of Directors

  
 Mr I G Story  
 Director

## **SMART & COOK FINANCIAL SERVICES LIMITED**

### **ACCOUNTING POLICIES**

**31 DECEMBER 2007**

The financial statements are prepared in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been consistently applied in the current period and previous year, are described below.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **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.

#### **Tangible fixed assets**

Depreciation on fixed assets has been provided as follows:

Computer equipment	20% Straight line basis
Fixtures, fittings and office equipment	15% Reducing balance basis
Motor vehicles	25% Reducing balance basis

#### **Contributions to pension scheme**

The company operates a contributory pension scheme on a defined contribution basis, the net cost of which is charged against the profits of the company in the year in which the expenditure is incurred.

#### **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.

#### **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.

#### **Operating leases**

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

## **SMART & COOK FINANCIAL SERVICES LIMITED**

### **ACCOUNTING POLICIES (CONTINUED)**

**31 DECEMBER 2007**

#### **Turnover**

Initial commissions are taken as earned on inception by the insurers of the policies proposed. Renewal commissions are treated as earned when received. Credit is taken for fees in the period to which the fee relates. Commission on rebates arising in respect of individuals who have contracted out of the State Second Pension is recognised as turnover at an estimated amount at the end of each year after the contracting out has occurred. Variations from the estimates are recognised at the time the rebates are finally agreed on a policy by policy basis.

#### **Cash flow statement**

Under FRS 1 – Cash Flow Statements (revised 1996), the company is exempt from the requirement to prepare a cash flow 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 AXA SA group financial statements.

# SMART & COOK FINANCIAL SERVICES LIMITED

## NOTES TO THE ACCOUNTS

31 DECEMBER 2007

### 1. TURNOVER

Turnover represents commissions and fees earned in the year net of discounts and allowances. There are no segments of the business which are substantially different from each other. Turnover is wholly attributable to operations within the UK.

### 2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	8 Months to 31 December 2007 £	12 Months to 30 April 2007 £
<b>Directors' remuneration</b>		
Emoluments inclusive of benefits in kind	110,363	167,291
Pension contributions	4,717	6,535
	<u>115,080</u>	<u>173,826</u>
	No.	No.
The number of directors for whom the company has made pension contributions	<u>1</u>	<u>1</u>
Average number of persons employed	<u>38</u>	<u>38</u>
Number of directors who exercised options	<u>-</u>	<u>4</u>
	8 Months to 31 December 2007 £	12 Months to 30 April 2007 £
<b>Staff costs during the year (including directors, excluding benefits in kind)</b>		
Wages and salaries	958,385	1,419,592
Social security costs	108,007	157,853
Pension costs	33,057	46,413
	<u>1,099,449</u>	<u>1,623,858</u>

### 3 OPERATING PROFIT

	8 Months to 31 December 2007 £	12 Months to 30 April 2007 £
<b>Operating profit is stated after charging/(crediting):</b>		
Depreciation – owned assets	11,439	16,034
– leased and hire purchase assets	-	4,075
(Profit)/loss on disposal of fixed assets	(617)	1,975
Goodwill – amortisation	39,138	34,520
– impairment	-	-
Operating lease rentals – land & buildings	49,793	68,911
– other	161	1,045
Auditors' remuneration – audit fees	4,804	4,804
– tax services	-	-
	<u></u>	<u></u>

# SMART & COOK FINANCIAL SERVICES LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

31 DECEMBER 2007

### 4 INTEREST PAYABLE AND SIMILAR CHARGES

	8 Months to 31 December 2007 £	12 Months to 30 April 2007 £
Hire purchase contracts	<u>383</u>	<u>878</u>

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	8 Months to 31 December 2007 £	12 Months to 30 April 2007 £
UK tax based on the profit for the period/year	96,213	-
Under/(over) provision in previous years	<u>-</u>	<u>(124,620)</u>
	96,213	(124,620)
Deferred tax – timing differences	1,010	(5,885)
	<u>97,223</u>	<u>(130,505)</u>

The standard rate of current tax for the period/year, based on the UK standard rate of corporation tax is 30% (30 April 2007 30%) The current tax charge for the period/year is less than 30% (30 April 2007 30%) for the reasons set out in the following reconciliation

Profit on ordinary activities before tax	<u>291,102</u>	<u>498,010</u>
Tax on profit on ordinary activities at standard rate	87,331	149,403
Factors affecting charge		
Disallowable expenses	9,812	9,810
Capital allowances in excess of depreciation	(930)	7,152
Prior year adjustments	-	(124,620)
Group relief free of charge	-	(166,365)
Current tax charge/(credit) for the period/year	<u>96,213</u>	<u>(124,620)</u>

# SMART & COOK FINANCIAL SERVICES LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

31 DECEMBER 2007

### 6. INTANGIBLE ASSETS

	Goodwill £
<b>Cost</b>	
At 1 May 2007	843,406
Additions	390,000
At 31 December 2007	<u>1,233,406</u>
<b>Amortisation</b>	
At 1 May 2007	347,227
Charge	39,138
At 31 December 2007	<u>386,365</u>
<b>Net book value</b>	
At 31 December 2007	<u>847,041</u>
At 30 April 2007	<u>496,179</u>
<b>Additions</b>	

On 31 October 2007 the company acquired the trade and assets of Talbot Financial Services Limited. The company acquired net liabilities of approximately £8,000. The total estimated consideration payable is £390,000 of which £234,000 was paid in cash on acquisition, the balance of £156,000 being deferred and subject to future performance of the business.

For Talbot Financial Services Limited the profit before taxation for ten months ended 31 October 2007 was £325,207.

# SMART & COOK FINANCIAL SERVICES LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

31 DECEMBER 2007

### 7. TANGIBLE ASSETS

	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 May 2007	123,333	175,842	22,424	321,599
Additions	4,638	4,886	-	9,524
Transferred from fellow subsidiary undertakings	2,303	1,570	-	3,873
Disposals	-	-	(22,424)	(22,424)
At 31 December 2007	130,274	182,298	-	312,572
<b>Depreciation</b>				
At 1 May 2007	86,230	146,198	10,202	242,630
Charge	4,036	6,639	764	11,439
Disposals	-	-	(10,966)	(10,966)
At 31 December 2007	90,266	152,837	-	243,103
<b>Net book value</b>				
At 31 December 2007	40,008	29,461	-	69,469
At 30 April 2007	37,103	29,644	12,222	78,969

The net book value of the company's assets includes the following amounts in respect of assets held under hire purchase contracts

At 31 December 2007	-	-	-	-
At 30 April 2007	-	-	12,222	12,222

### 8. DEBTORS

	31 December 2007 £	30 April 2007 £
Trade debtors	177,055	282,444
Other debtors	16,441	27,799
Prepayments and accrued income	44,883	28,042
Amounts owed by parent company	2,780,250	3,014,250
Amounts owed by fellow subsidiary undertakings	-	11,319
Corporation tax	-	81,166
	<u>3,018,629</u>	<u>3,445,020</u>



# SMART & COOK FINANCIAL SERVICES LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

31 DECEMBER 2007

### 9. CASH AT BANK AND IN HAND

	31 December 2007	30 April 2007
	£	£
Office account	1,008,782	514,542
Cash account	75	124
	<u>1,008,857</u>	<u>514,666</u>

### 10. CREDITORS: amounts falling due within one year

	31 December 2007	30 April 2007
	£	£
Trade creditors	547	4,602
Obligations under hire purchase contracts	-	9,641
Amounts owed to fellow subsidiary undertakings	2,531,255	2,368,131
Corporation tax	60,877	-
Other tax and social security	61,825	76,167
Deferred consideration	156,000	-
Other creditors	175,522	273,778
Accruals and deferred income	27,691	137,716
	<u>3,013,717</u>	<u>2,870,035</u>

### 11. PROVISIONS FOR LIABILITIES AND CHARGES

	Provision for indemnity commission refunds	Other Provisions	Deferred taxation	Total
	£	£	£	£
At 1 May 2007	45,361	-	(2,132)	43,229
Created	-	63,000	1,010	64,010
Transferred from fellow subsidiary undertakings	7,591	-	-	7,591
At 31 December 2007	<u>52,952</u>	<u>63,000</u>	<u>(1,122)</u>	<u>114,830</u>

Other provisions represent the excess on the company's professional indemnity insurance policy

The amounts of deferred taxation provided and unprovided in the financial statements are as follows

	Provided 31 December 2007	Provided 30 April 2007	Not provided 31 December 2007	Not provided 30 April 2007
	£	£	£	£
Capital allowances in excess of depreciation	<u>(1,122)</u>	<u>(2,132)</u>	-	-

# SMART & COOK FINANCIAL SERVICES LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

31 DECEMBER 2007

### 12 CALLED-UP SHARE CAPITAL

	31 December 2007		30 April 2007	
	No.	£	No.	£
<b>Authorised:</b>				
Ordinary shares of £1 each	402,000	402,000	402,000	402,000
<b>Allotted, called-up and fully-paid</b>				
Ordinary shares of £1 each	401,000	401,000	401,000	401,000

### 13. RESERVES

	Profit and loss account £
At 1 May 2007	1,220,570
Retained profit for the period	193,879
At 31 December 2007	<u>1,414,449</u>

### 14 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	31 December 2007 £	30 April 2007 £
Profit for the financial period/year	193,879	628,515
Shares issued	-	400,000
Net addition to equity shareholders' funds	<u>193,879</u>	<u>1,028,515</u>
Opening equity shareholders' funds	1,621,570	593,055
Closing equity shareholders' funds	<u>1,815,449</u>	<u>1,621,570</u>

### 15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained in 'FRS 8 – Related Party Disclosures' not to disclose transactions with other group companies

### 16 ULTIMATE PARENT COMPANY

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

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